

Comprehensive Economic Development Strategy Northern Maine – 2008 Update

Summary

Northern Maine Development Commission is pleased to present the 2008 Comprehensive Economic Development Strategy Update for the Northern Maine Economic Development District. The report describes Northern Maine's process of planning and implementing comprehensive programs to create jobs and promote a stronger and more diverse regional economy.

Coordinating the CEDS and the Aroostook County Empowerment Zone (ACEZ) Strategic Plan

A portion of the Northern Maine Economic Development District was designated as an Empowerment Zone in January of 2002. The Empowerment Zone program, which is directed by USDA-Rural Development, requires a strategic plan for the designated zone and is based upon 1990 US Census data. The CEDS, guided by the Economic Development Administration, also requires a strategic plan, but for the entire Northern Maine region. The two documents are strategic plans that address specific requirements, yet they cover essentially the same geographic area. Their overlapping boundaries, goals, and strategies demonstrate the complimentary relationship that both serve in guiding progress in the region, both as an Empowerment Zone and as an Economic Development District.

The EZ Strategic Plan does not include all of the Northern Maine Economic Development District because of the need to meet USDA regulations. It does, however, include the primary service areas and is distributed geographically to have the broadest possible impact on the region. Like the CEDS, the EZ Strategic Plan may be altered only through grassroots approval. The primary difference between the two plans is that the CEDS focuses on job retention and job creation per EDA requirements; the EZ Strategic Plan includes other sectors of the economy such as social services and education.

The sections of this report are as follows:

- I. **Northern Maine Empowerment Council:** The first section of the report describes the organization and management of the Northern Maine Empowerment Council (formerly the Northern Maine Economic Development Council), which guides the formation and implementation of the region's economic development strategies (CEDS) and the Aroostook County Empowerment Zone. The 18 members of the council represent a variety of sector interests, geographic areas, and local citizenry, making the program reflective of the many issues that relate to economic development in Northern Maine. This section provides a membership chart with affiliations, some Council history and a description of the meetings and planning process.
- II. **The Area and Its Economy:** In this section, the major economic changes and issues during recent years are recorded: major business start-ups and expansions, natural resources issues, employment and unemployment trends, and other demographic information.

III. **Goals, Strategies, Benchmarks and Tasks:** The 2004 CEDS update reflected the revision, by the Northern Maine Empowerment Council (NMEC), of the goals and strategies for the CEDS that made them more congruent with the EZ Strategic Plan. The NMEC decided that resources should be focused on four major goals that hold the greatest potential for economic and community development in Northern Maine. The strategies under each of these goals provide guidelines to meet the objectives. Community development is part of this since upgraded neighborhoods, new and improved housing, social services, and education complete the holistic picture necessary to acquire and sustain economic development. The four goals are to:

- Goal I Support business success by creating an environment that supports the success of existing businesses as well as new businesses.
- Goal II Develop a well-educated and well-trained work force through educational and training opportunities.
- Goal III Improve health and social services by providing comprehensive programs for the enrichment of all residents.
- Goal IV Steward Aroostook’s natural resources and way of life by balancing development with the need to protect valuable natural resources and the rural character of its communities.

To monitor progress on the goals and strategies, benchmarks have been established in an electronic monitoring system maintained by the USDA. This enables the tracking of the tasks listed under each benchmark. Benchmarks and tasks must address a goal(s) of the Strategic Plan and an accompanying strategy.

The goals and strategies guide the direction NMDC will take during the next five to 10 years to build on the region’s assets and to continue to build a more diversified economy. This section also details the work of the two divisions of NMDC Planning and Development, and Business Finance, and cites trends from the last five years, current trends, and future projections. In many instances, the two NMDC divisions are responsible for developing, implementing, and/or coordinating the projects and programs that fulfill the goals of the Strategic Plan, and for building capacity in communities to chart their own futures. Much of Northern Maine’s potential for growth and sustainability lie in its natural resource industries, telecommunications, tourism, services, and precision metals manufacturing. NMDC continues to market the region to attract these industries while also providing programs that support the success of existing businesses.

IV. **Implementation Plan:** This section provides an inventory of EDA projects, including those that are top priority, planned throughout the region by various entities. The NMEC has selected several projects that are considered top priority, as well as identified as most feasible and ready. They are arranged in the same Work Plan format as the first two years of the EZ Strategic Plan. This accomplishes the requirement of creating a separate list of EDA projects that would be eligible for EDA funding that have a major emphasis on job creation and retention. Other projects may be listed, and may be EDA fundable, but not integrated because they do not meet NMEC approval criteria such as project

readiness, partnerships, and matching funding. These projects will be integrated as appropriate. The criteria are discussed in detail later in this document. The Strategic Plan is a fluid document created to provide the necessary flexibility to meet the changing needs of the region. EDA will be updated on changes as necessary.

- V. **Program Evaluation:** The evaluation process follows the current Strategic Plan process and Continuous Quality Improvement Plan with a few minor changes that were made following Empowerment Zone designation. In addition, some qualitative and quantitative measurements are being implemented to compliment this process and to accurately measure the success of EDA specific projects.

Section I - Northern Maine Empowerment Council

Early History

The Economic Development District Council (EDDC) was established by NMDC in 1992 to increase local involvement in forming and implementing the CEDS, formerly the OEDP. The CEDS and OEDP have been central documents for the Northern Maine Economic Development District since 1969. There were 25 members on the EDDC from throughout the region representing business, industry, agriculture, utilities, education and training, health agencies, and other interests.

Aroostook County submitted an application to the USDA-Rural Development Empowerment Zone program in 1998. With the assistance of the EDDC, Aroostook County developed a Strategic Plan and was designated a Rural Champion Community in 1999, and then an Empowerment Zone in 2002. These progressive designations and learning experiences led the Economic Development District Council to be reorganized and renamed. First it was changed to the Northern Maine Economic Development Council to make the group more diverse. Then, following Empowerment Zone designation, it was modified again to reflect the additional needs of the Empowerment Zone, and is now the Northern Maine Empowerment Council (NMEC). The NMEC is the central organizing force that ensures a cohesive and comprehensive strategic plan for the region incorporating requirements of both the CEDS and the EZ programs.

2002-2007 Highlights

In 2002, the NMEC was informed by USDA-Rural Development that it must become even more representational of the grassroots process that led to the development of the EZ Strategic Plan. Membership was extended in 2002 to ensure the inclusion of at least three members who are low income, minority, elderly, disabled, and/or youth residents. On April 10, 2002, the NMEC voted to approve the additional membership and a name change to officially become the Northern Maine Empowerment Council. New by-laws were presented and a few minor changes were recommended. The by-laws were approved and recommended to the Executive Board for approval. This name change and additional membership was approved by the Executive Board of Directors on April 11, 2002.

In addition, the NMEC approved the formation of a committee to review and rank projects for the CEDS section of the Strategic Plan and to establish a process for gathering additional project information, and present recommendations to the NMEC for approval.

Program Experience

Since 1995, there had been a growing awareness of strategic planning, its values and accuracy in predicting economic and community development. Even more important has been the awareness to implement processes that draw the group that conducts the planning closer together and produces documents that act as tool kits for communities instead of wish lists. In 1998, when the NMEC worked with the designation of Aroostook County as a Champion Community, members stated that they wanted an even more participatory process with the planning aspects of the program. The proposed combining of the CEDS and the then Champion Community Strategic Plan caused many questions to be raised in creating a process where projects would be equitably assessed and placed in a realistic order for completion. With the Empowerment Zone designation in 2002, the NMEC downsized to 17 members. From observation and comments

from members, the smaller council has proved to be more workable and focused on the planning itself, rather than on a list of projects. In 2004, the NMEC membership was reviewed, terms of office assigned, and additional outreach undertaken to further balance the viewpoints represented. An additional member was added; bringing the total membership to 18. The experience continues to be positive with a 75% average attendance rate at the Council meetings.

Planning Process

During the past five years, the planning process for the CEDS has changed dramatically. The three major issues of outmigration, an increasing elderly population, and the need for quality jobs has meant that the NMEC has approached the CEDS and the EZ Strategic Plan in a more holistic manner. This means not just a focus on job creation and retention, but on all issues influencing economic growth, such as social services, healthcare, education, natural resources, Native Americans, and youth services. As part of this focus, the NMEC voted unanimously to streamline the eight original goals into four and to also streamline the strategies to a more realistic number. In 2002, approximately 135 projects were reviewed and scored in the various sectors and discussed by the NMEC. Of these projects, those earmarked for EDA funding were pulled and listed separately. The number of projects coming to the NMEC has severely decreased from 2002 to 2007, evidencing a reality that projects that might qualify for EDA funding would not meet the match requirements imposed by the programs. As a result, the project review committee rarely sees more than ten projects being put forward for prioritization. The NMEC committee reviews all projects and prioritizes five or less projects, while continuing to list all projects that are submitted.

While refocusing and streamlining the Council's attention on the issues of out-migration, the increasing aging of the population, and quality jobs, has created a more reasonable number of projects; work is being done to also create a more reasonable process for identifying and supporting programs and projects that have truly "regional" impact. To that end, the NMEC has revised the project information that is collected for projects and has adopted a new scoring methodology to assist in prioritization (see Section IV - Implementation).

The chart on the next page depicts the current membership of the Northern Maine Empowerment Council, their community of residence and the sector they represent.

Northern Maine Empowerment Council - 2007-2008		
Council Members	Business or Affiliation	Sector Representation
Don Flannery	Maine Potato Board	Agriculture
Steve LaPierre	Van Buren Housing Authority	Community Development/Housing Organizations
Mary Walton	Caribou Community Development	Community/Development Organizations
Melony LeShane	H.O. Perry and Sons Insurance	Private Business
Timothy Poitras	Chester M. Kearney, CPA	Private Business/Accounting/Taxation
Larry Greenlaw	Houlton Band of Maliseets	Native American Representative
Bruce Hussey	Code Enforcement	Public Leadership
Jane Towle	Remax Real Estate	Private Business
Connie Sandstrom	Aroostook County Action Program	Community/Development Organizations
Carl Flora	Loring Development Authority	Economic & Business Development
Athill Hebert	People's Heritage Bank	Economic & Business Development
Barry McCrum	Aroostook Partnership for Progress	Economic & Business Development
Don Tardie	Fraser Paper	Forestry
Patricia Boucher	Local Workforce Investment Board	Employment & Training
Max Lynds	F.A. Peabody Insurance Co.	Healthcare
Steve Farnham	Aroostook Area Agency on Aging	Minorities, Seniors & Disabled
Doug Beaulieu	County Administrator	Public Leadership
Jeremy Fischer	Maine House of Representatives	Public Leadership
Brent Bubar	Dept. of Transportation	Transportation

Section II - The Area and Its Economy

The EZ Strategic Plan submitted to USDA-Rural Development was submitted in October of 2001 when many statistics for the year 2000 were not available. This section provides additional background information for the 2008 CEDS Update, primarily using 2000 Census data, but also any updates from relevant sources.

Significant Factors In the Region's Current Economy

Loring Commerce Centre

When Loring Air Force Base was closed on September 30, 1994, many thought that Aroostook County's economy would never recover from this devastating blow. With the loss of 1,100 civilian personnel, 4,500 military personnel and the thousands of dependents that resided at Loring, it was hard to imagine what the impact would be. Despite this major setback and the impending skyrocketing of the unemployment rate to as high as 15%, the people of Aroostook County refused to have a defeatist attitude and became even more determined to work together to ensure that the Loring Commerce Centre would be the site of vibrant and successful economic activity.

In June 1994 the Loring Development Authority of Maine (LDA) was created and tasked with economic development and job creation on Loring. Partnerships were formed at the federal, state and local levels and reuse and marketing plans were implemented. In 1995 the Department of Defense opened the *Defense Finance and Accounting Service* Center on Loring and became the first large employer on site. The *Sitel Corporation* of Omaha, Nebraska was the first large commercial business to locate on Loring. The company opened a call center in 1997 and has employed as many as 350 people. Also in 1997, the *Maine Army National Guard* opened a military vehicle refurbishment center and has expanded from six employees in 63,000 square feet of space to about 200 in 379,000 square feet of facility space, with a projected employment level of 400 within the next eighteen months.

Today, Loring is home to 19 organizations that collectively occupy over 1.6 million square feet of facility space and that currently employ approximately 1,000 employees in the aviation, manufacturing, agriculture, education, health care, commercial, financial and service sectors. This extensive level of incremental job creation at the Loring Commerce Centre, combined with the increasing economic activity in our surrounding communities, has helped to bolster the regional economy. The LDA continues to move forward, marketing Loring and negotiating with a number of private sector prospects that would create hundreds of industrial and manufacturing jobs.

Agriculture

From 2002 to 2007, there has been an increase of 162 farms, but 16,107 less acres of land being farmed with a loss of 50 people with farming as their primary occupation. Sophisticated farming equipment, quality farmland, and dedicated people make northern Maine a highly desirable place for a multitude of crops. It has been determined that Aroostook County's soil is prime farmland which is best suited for producing food, feed, forage, fiber and oilseed crops which encourages local farmers to experiment with other crops such as canola, sunflowers and broccoli. Potatoes

remains as the top crop with almost 64,000 acres planted in 2007 while forage, barley, and oats combine with a respectable 81,803 acres planted. In 2007, Aroostook County was the leader in the state for agriculture sales grossing \$146.5 million dollars.

Aroostook County	1992	1997	2002	2007
Number of Farms:	884	889	1,084	1,246
Land in Farms:	334,040	324,887	391,675	375,568
Average Size of Farm (acres):	378	365	361	301
Market Value of Production:	\$122,767,000	\$109,819,000	\$121,158,000	\$146,516,000
Number of Farmers as Primary Occupation	647	530	481	437
Total cropland (acres):	189,850	187,599	200,205	200,205

Source: 2007 Census of Agriculture, United States Department of Agriculture, New England Agriculture Statistics Service

Forestry

Each year, the Maine Forest Service collects information from Maine primary wood processors regarding the volume of wood processed in Maine. Information is also collected for volumes imported into Maine or exported from Maine. This report summarizes, for 2007, the volume of wood harvested in Maine, processed by Maine mills, and imported into or exported from Maine. Wood flow data is summarized for sawlogs, pulpwood, biomass chips, and imports and exports.

In 2007, the Maine Forest Service received wood processor reports from 168 primary processing mills (sawmills, pulp and paper mills), 77 portable sawmills, 46 loggers and brokers who may have exported wood, 23 concentration yards, and from 11 mills that burn some form of wood for energy. Volume information contained in these individual reports is confidential and by law shall not be made public, except that summary reports may be published using aggregated data which does not reveal the activities of an individual person or firm (12 MRSA chapter 805, subchapter 5, "Forest Landowner and Wood Processor Reporting Requirements").

Report Highlights

- ❖ Maine's forest products industry consumed 17 million green ton equivalents in 2007, up from 2006 consumption.
- ❖ Seventy-eight percent of the supply (13.3 million green ton equivalents) was harvested in Maine, while 22% (3.6 million green ton equivalents) was imported from out of state.
- ❖ Maine landowners harvested 16.6 million green ton equivalents of wood in 2007, down from 17.6 million green ton equivalents in 2006.
- ❖ Twenty percent (3.2 million green ton equivalents) of the 2007 harvest was exported out of state, down from 2006 (6 million green ton equivalents).
- ❖ Maine's pulp and paper producers processed 8.8 million green tons of pulpwood, up slightly from 2006 consumption.
- ❖ Seventy-six percent of the pulpwood originated from Maine's forests; 24% was imported from out of state.
- ❖ Maine is a net importer of wood.
- ❖ During 2007, Maine's forest products industry imported 3.7 million green tons, while 3.2 million green tons were exported.

- ❖ Maine's sawlog production in 2007 was .9 billion board feet, down slightly from 2006.

2007 Wood Processor Report, Department of Conservation, Maine Forest Service, Forest Policy and Management Division

Tourism

Tourism is the largest industry in Maine in terms of employment and over-all sales and Aroostook County is making extraordinary efforts to encourage people to visit and make the most of its natural beauty and outdoor recreation activities. Marketable day trips to Aroostook are most often outdoor trips to experience the natural environment and engage in outdoor activities such as camping, hunting, fishing, hiking, or rafting. Thirty-eight percent of overnight visitors spend their time doing activities in the outdoor while 24 percent attend special events, 17 percent visit for business or pleasure, and 7 percent spend their time touring. Overall, visitors to the County leave with a favorable impression and found it to be exciting, yet worry free.

Significant Factors In the Region's Future Economy

The effects of the base closure continue to impact the regional economy due to the dramatic drop in population that occurred from 1993 to 1997. Part of the reason for this continuing impact is that there were several difficult years in the potato industry just preceding the closure which compounded the effects of the accelerated outmigration caused by the closure. This, along with the negative effects of Canadian trade policies and exchange rates combined to contribute to a 15% decline in population from 1990 to 2000 in Aroostook County. In 1990, the population was 86,936, compared to 73,938 in 2000. While the base closure accounts for a large percentage of this decline, the remaining outmigration is primarily due to the continued out-migration of the 18 to 24 age group. NMDC had an analysis done of this issue and the executive summary follows.

Migration/Youth Migration Report Executive Summary - 2006

Aroostook County has faced a problem of out-migration among its youth for decades. Concern about youth leaving the County has grown steadily, particularly since the closing of Loring Air Force Base a decade ago. This study was commissioned by the Northern Maine Development Commission to examine in depth the reasons that youth tend to leave Aroostook County and to examine the possibilities for policies and programs that might help the County retain its youth or encourage those who leave to return.

The study examines the issue of youth out-migration by analyzing data on actual migration trends from the Census and from Internal Revenue Service data and also uses surveys of both high school and college students in Aroostook to explore their views on where they expect to live, what they find attractive or not about the County, and their views on possibly returning to Aroostook, if they do leave.

Major Findings

Analyses of the data from all of these sources have yielded major findings that fall into four categories:

1. Location, Trends, Expectations, and Preferences

- Aroostook youth are more likely to leave for other destinations in Maine than for out of state destinations. Penobscot County appears to be the most popular destination for youth out-migrants.

- Aroostook youth migration patterns are probably not significantly different from the youth migration trends found in other parts of northern, western, and eastern Maine.
- The common perception that youth leave Aroostook County in search of better career and income prospects is generally true, though there are other factors that determine location decisions. Among these are the types of careers people seek, the depths of their connections to the County, and to some extent their gender.
- Analysis of income data for Aroostook out-migrants (of all ages) suggests that those with lower incomes tend to be the ones to leave and those with higher incomes tend to be the ones to stay.
- A higher proportion of college students expect to live in Aroostook County than high school students; but this is because the high school population contains a large population that expects to leave for college. Thus, Aroostook colleges have already captured an important part of those who will stay.
- Both high school and college students in Aroostook report strong preferences to live in rural areas or smaller urban areas rather than large urban areas. This is consistent with the finding that most youth migrants move to places like Bangor and Portland rather than larger urban centers like Boston.

2. Education and Careers

- Aroostook high school students have high expectations for further education. Leaving Aroostook County is most often in pursuit of these expectations and the careers associated with college educations.
- High proportions of both high school and college students indicate they expect to continue their education after their current programs are completed. Women are more likely than men to seek additional education.
- Maine colleges are the predominant choice for those who will pursue additional education for both high school and college students.
- Those pursuing education, health, and social services occupations are most likely to stay in Aroostook. These are also most likely to be occupations of women. Business related careers tend to be associated with staying in Aroostook County; this includes those who indicated they want to start a business.
- Those expecting to pursue careers in the arts, professions, and technology-related areas are the most likely to leave Aroostook.

3. Attractions of Aroostook

- Aroostook colleges offer a combination of good programs, affordability and size, which makes them very attractive to those who attend them and to those high school students in Aroostook County considering attending them.
- The longer youth have lived in Aroostook County, the more likely they are to want to, and to expect to, stay or return to the County.
- The characteristics of Aroostook County associated with staying or leaving tend to be the opposite of one another. Those who expect to stay rate the ability to be near family and friends and the affordable rural life style as key factors. It should be noted that high school students cite their parents as the most influential source of information about location decisions.
- Those who are likely to leave cite career and income concerns as the key attractions of other locations and as the detriment to remaining in Aroostook.

4. Returning to Aroostook

- About 70% of college students and 77% of high school students said they definitely will return or would like to return to Aroostook if they leave. But only slightly more than 20% indicated that they definitely will return.
- Aroostook County colleges attract a number of students from outside the region. These students are less likely to say they will return after their education, but are about as likely as Aroostook County students to say they would like to return at some point in the future.
- Among both high school and college students, jobs and career-related opportunities and information are the most important considerations in decisions about whether to return to the County.
- Such programs as student loan forgiveness programs may have some attraction, particularly for the 40% or so of college students who finance more than half of their education with loans. However, there is no clear evidence that such programs would have a large effect.

Implications

The implications of these findings for economic development and other policies affecting youth can be summarized as follows:

- The principal factor affecting youth location choices in Aroostook County is the desire to seek additional education in order to improve career and income prospects. Where the appropriate education is available and where it offers good prospects in the County, youth will tend to stay. Where it does not, youth will tend to leave.
- It will be easiest to attract youth to stay for careers in health, social services, and education. These are also the careers most attractive to women, who also report slightly higher preferences to leave Aroostook. It will be most difficult to retain youth who are interested in the professions, in scientific, artistic, and technological occupations. Economic development efforts to grow opportunities in these areas will be most successful in attracting and retaining youth.
- State programs such as the Creative Economy initiative, support for research and development, the Maine Technology Institute, and tourism development are all operating in areas that will be key to the growth of jobs and opportunities that will retain youth in Aroostook County.
- Aroostook County has a number of attractive features for youth, including its institutions of higher education, which are seen as having good programs, are affordable, and are appropriately sized for a number of students. These institutions are a considerable strength in attracting youth to Aroostook. The affordable rural life style, including recreational opportunities, is an important asset for the County, but these assets cannot overcome the perceived lack of career opportunities in certain fields.
- It will be possible to encourage some youth to return to Aroostook County. While a solid majority of high school and college students indicated they will return or wish to return if they leave, the proportion indicating that they definitely will return is not large. So, encouraging the return of youth should be a part of, but by no means all of, a strategy for dealing with youth out-migration. Strategies that improve the prospects of youth staying in Aroostook by virtue of improved careers will also be the key to attracting young out-migrants to return.
- The attractiveness of small cities and rural areas for the majority of Aroostook youth focuses attention on the growth and development of places like Presque Isle, Houlton, Fort Kent, and Madawaska. The availability of urban amenities such as cultural events, night life, shopping, etc. will be part of the consideration of youth seeking attractive locations to live and work. Clearly, the development of attractive urban amenities in those locations in Aroostook County that can support them will be an important part of the package of efforts needed to retain youth.

Much of the following information was included in the 2002 and 2004 CEDS documents, but is included here as the report continues to provide good, useable information for regional planning purposes.

Cluster Report Findings - 2003

NMDC contracted for a report on the economic clusters that exist in Aroostook County and what strategies might be employed to support and/or expand them. These findings continue to be relevant to the current and future economic conditions of the region.

“Aroostook County is unusually dependent on several sectors, including natural resources industries, transportation, health care/social services, and government. The former are traditional Aroostook mainstays. The latter are reflections of the aging of the County's population.

For this analysis, after interviewing economic developers and reviewing the data, five existing and potential economic clusters were selected for review. They were selected based upon their importance in the regional economy and their potential for generating job growth in the future. The clusters include forest products, agriculture, tourism, information technology, and precision manufacturing.

The forest products industry cluster employs 3,500 workers in Aroostook County in timber harvesting, lumber and paper mills, biomass plants, trucking and railroad transport, and equipment and chemical supplies. These workers are part of a larger New England – Canadian forest industry cluster, the largest in the region. For a variety of reasons, the industry is at a down point in its economic cycle, and the longer the down cycle lasts, the more businesses shrink and in some cases close. The causes of the paper industry's troubles are weak overall demand and international competition. The lumber industry is in the midst of a housing slump -- low demand and low cost competition, largely from Canada, is squeezing local mills. The two bright spots in the picture are specialized products, such as hardwood veneer production; panel products, such as oriented strand board; and cedar wood products. The industry cluster would be helped in the short term by cost relief and in the longer term by strengthening the rail system and diversifying new products and markets.

The agriculture cluster employs 3,000 Aroostook residents on farms, in equipment and chemical supplies, in wholesaling and transportation, in food processing, and the like. About three quarters of the production is potatoes. The rest is in vegetables such as broccoli and oats, and livestock such as beef and poultry. Key strategies for future success include strengthening the competitive position of the potato cluster by increasing irrigation and adding new potato processors, and diversifying the farm industry by increasing the production of organic products and beef.

The tourism cluster consists of thousands of people who: (1) create or enhance attractions (such as snowmobile clubs and festival organizers); (2) provide lodging; (3) provide food (restaurants); and (4) provide stores and services supporting tourists (crafts, the Mall, fishing gear suppliers, etc.). There are about a half million pleasure trips taken to Aroostook County each year. Over half come for outdoor activities, including snowmobiling and cross country skiing in the winter, and bicycling and fishing and hunting in the summer and fall. Possible strategies for increasing tourism include developing new destination attractions; cross marketing to existing tourists to come back in other seasons; drawing tourists from nearby streams in New Brunswick (heading from the cities to the coast) and in Bar Harbor (coming up from Massachusetts); and encouraging existing tourists to lengthen their stays. The World Cup Biathlon in 2004, which drew 5,000 visitors to the County, offers an important opportunity for cross-marketing. Aroostook County Tourism is an effective regional group, but it needs to become stronger in order to market effectively against competitors in New Brunswick and at Maine's traditional resorts.

The information technology (IT) cluster consists of businesses that are involved with computer software and web design, database management, internet services, and (potentially) data backup and disaster recovery services. These businesses typically pay twice the average salary in the region, and have the potential to be the County's #1 growth industry in the next decade. ATX in Caribou (producing tax software), Burrelle's in Presque Isle (information services), and the Maine Mutual Group (IT base for regional insurance operation), are three leaders in the local industry. Aroostook County has excellent access to high-speed internet services, redundant broadband pathways for internet-dependent businesses, and three institutions of higher education, all of which are essential infrastructure for IT. But the County lacks in-depth research and development in the field, and networking opportunities for local professionals. To build this industry, the availability of redundant internet capacity should be marketed to the outside world (especially those involved in data backup and emergency services); local hospitals and banks and schools should be encouraged to upgrade with local business providers; the three colleges should build up their IT research and training; and industry networking opportunities should be expanded.

Precision manufacturing of metal products is a small but important activity in Aroostook County. Acme-Monaco in Presque Isle, SFE in Caribou, and Smith and Wesson in Houlton are key companies, as are other local metals fabricators serving the agriculture and wood products industries. While this is not enough to comprise a "cluster," there are also a number of large metals firms just across the border in New Brunswick that increase the market for developing needed industry supports. Of particular importance is the expansion of the metals technology program at the Northern Maine Community College as a potential source for well-trained (and well-paid) employees for growing the metals industry throughout the region.

There are common themes that run across all of these cluster discussions.

First, New Brunswick is a resource for Aroostook County's economic growth. Traditionally Canada is seen as a low cost (and sometimes unfairly advantaged) competitor, and this tension will always exist and must always be managed. But the analysis in this report also shows that, in many cases, cooperation with New Brunswick can help businesses on both sides of the border. For Aroostook County specifically, New Brunswick is a source of investment in forestry (Irving, (Fraser); investment in agriculture (McCain's); potential tourists; and of infrastructure for metals and IT. Creating institutions to extend cross border economic cooperation is important to Aroostook's future growth. Frequent contact and shared projects between Aroostook and New Brunswick industry and government will likely produce dividends for all Aroostook industries.

Second, the nascent information technology industry is important in its own right, but is also important for the success of other sectors in the region. Tourism is moving to the internet; Aroostook County tourist promoters need to use the tool as effectively as is done in New Brunswick. Traditional industries such as wood products and agriculture now depend upon state-of-the-art communications and control systems to stay ahead of the market. By growing the information technology cluster, Aroostook County businesses can be helped across the board.

Third, the fact that the County has three institutions of higher education is a great asset. In the first place, the three schools attract people to come and live in Aroostook County from beyond its borders. Secondly, the schools can provide the trained workforce needed to compete in a high-technology economy. Finally, by contributing to the overall quality of life and cultural opportunities in the area, the schools help attract and keep talented people.

Finally, transportation is an important issue across the board. Frequent and reliable air service is essential to businesses that must serve, and be in constant communication with, national markets – including information technology companies, manufacturing firms, and producers of agricultural and forest products. Air service, in the long run, will also help the tourism industry. Rail service is important to the natural resources base of the County, particularly forest products.

Unlike the other three items listed above -- New Brunswick, IT, and higher education -- this is an area of weakness for the region that must be strengthened.”

This report has provided a basis for ongoing focus by NMDC and the NMEC on projects that will address the areas of both strength and weakness identified in this report. Consideration of these clusters will be evidenced in the way future projects and programs are prioritized for the EDA and USDA grant opportunities.

Description of Area in Terms of Land Use

Aroostook County is Maine’s largest county with a land area of 6,672 square miles. It is the largest county east of the Mississippi, larger than the states of Connecticut and Rhode Island combined. Located at the northeastern corner of the State, Aroostook County borders the Canadian Provinces of Quebec and New Brunswick, and is bordered by four Maine counties on its other side. By road, it is 155 miles from the northern to southern tip of what is referred to as “The County”. More than 88% of the area consists of heavily wooded land that supports wood, paper, and lumber industries. Rich farmland is the source of 90% of Maine’s potato crop and supplies other agricultural products, which together contribute significantly to the agricultural economy of the state. The vast natural resource base and strong agrarian heritage have fostered an economy based upon the region’s natural resources. The 2000 census population of Aroostook County’s 71 municipalities and 127 unorganized townships is 73,938, with the largest population center of Presque Isle comprised of 9,511 people.

Demographics

The Three Sub Regions

Northern Aroostook (St. John Valley)

The northern region consists of three main towns, Madawaska (pop. 4,534), Fort Kent (pop. 4,233), and Van Buren (pop.3,005), which supplies the bulk of resources and income for the area population. The largest Aroostook County employer, Fraser Papers, Inc., is located in Madawaska and employs approximately 600 area people. Fraser also manages roughly two million acres of forest and in 2000, celebrated its 75th anniversary of operation. Fort Kent is home to the newly established Maine Winter Sports Center which has boosted the area economy with events such as the 2004 World Cup Biathlon and the 2004 US Junior National Biathlon. In addition, The Northern Maine Medical Center and The University of Maine at Fort Kent combine to provide good jobs, health care, and higher education that continues to offer the surrounding communities a quality standard of living. Van Buren continues to thrive with the opening of a Family Dollar Store, a new Rite Aid and the Borderview Holdings Corp. nursing home which employs approximately 200 people.

Central Aroostook

Central Aroostook’s largest communities are Presque Isle (pop.9,511), Caribou (pop. 8,312), Fort Fairfield (3,579), and Limestone (pop. 2,361). The closing of Loring Air Force Base in 1992 quickly altered the economy and population of central Aroostook, but new development and determination continues to rebuild and strengthen the area once again. Employers such as McCain’s in Easton (approx. 600 emp.), DFAS in Limestone (approx. 700 emp.), J.Paul Levesque & Sons sawmill in Ashland with approximately 300 employees, closed in 2008, ATX II, LLC in Caribou (approx. 300 emp.) and Burrelle’s/Luce in Presque Isle (approx. 400 emp.)

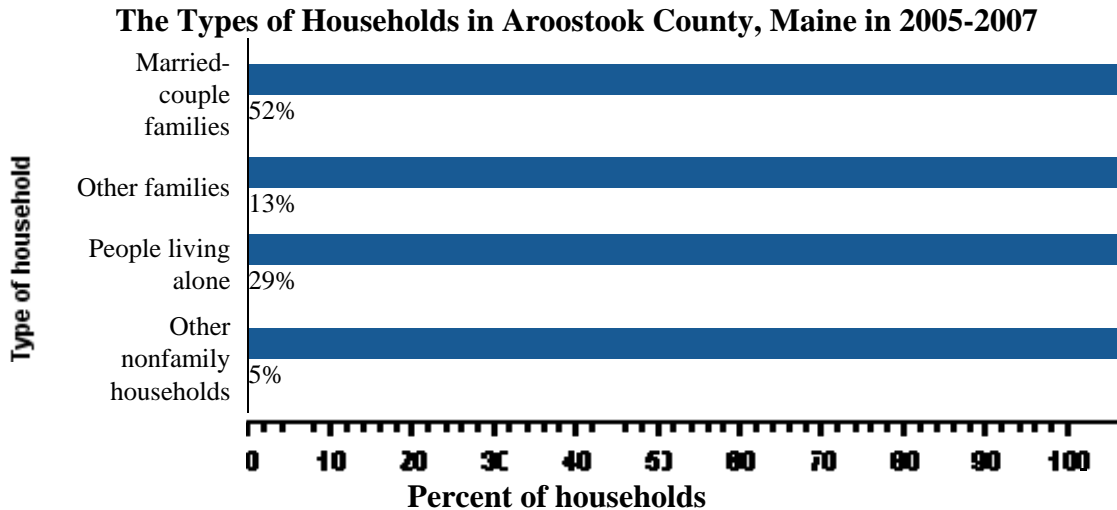
are some of the top employers for this area. Burrelle's has just completed a merger with one of its competitors, Luce, to form an international information provider which is thriving as one of the leading information technology businesses for this area. Cary Medical Center in Caribou and The Aroostook Medical Center in Presque Isle continue to grow and offer more services for people closer to home such as kidney dialysis, chemotherapy, radiation, cardiac services and imaging services which includes sophisticated CT scan and MRI equipment. Central Aroostook also hosts the University of Maine at Presque Isle, Northern Maine Community College and Husson University who are all working together to provide specific programs and higher education to train people for quality jobs here in the County.

Southern Aroostook

As the county seat of Aroostook, Houlton (pop. 6,476), is located at one of the main entrances into northern Maine from the south. Surrounding communities such as New Limerick (pop. 523) hosts Louisiana-Pacific Corp. (approx. 150 emp.) which manufactures oriented strand board and oriented strand lumber, and in Island Falls (pop. 897) there is National Starch Co. (approx. 75 emp.) which manufactures specialty starches. In Houlton, Smith & Wesson (approx. 100 emp.) is the country's oldest gun maker and is a world supplier of small arms, handcuffs and protective accessories for government and law enforcement entities. The Houlton Regional Hospital (approx. 400 emp.) and Maple Grove Nursing Home (approx. 150 emp.) provide state of the art healthcare for over 20,000 people.

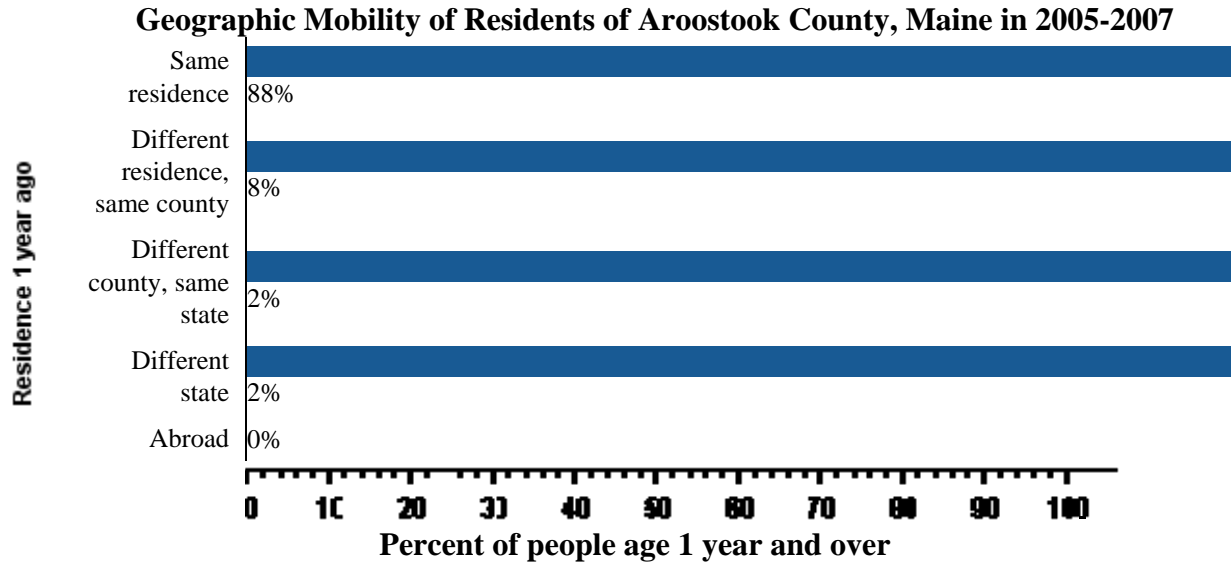
HOUSEHOLDS AND FAMILIES: From 2005-2007 there were 31,000 households in Aroostook County. The average household size was 2.2 people.

Families made up 66 percent of the households in Aroostook County. This figure includes both married-couple families (52 percent) and other families (13 percent). Nonfamily households made up 34 percent of all households in Aroostook County. Most of the nonfamily households were people living alone, but some were composed of people living in households in which no one was related to the householder.



Source: American Community Survey, 2005-2007

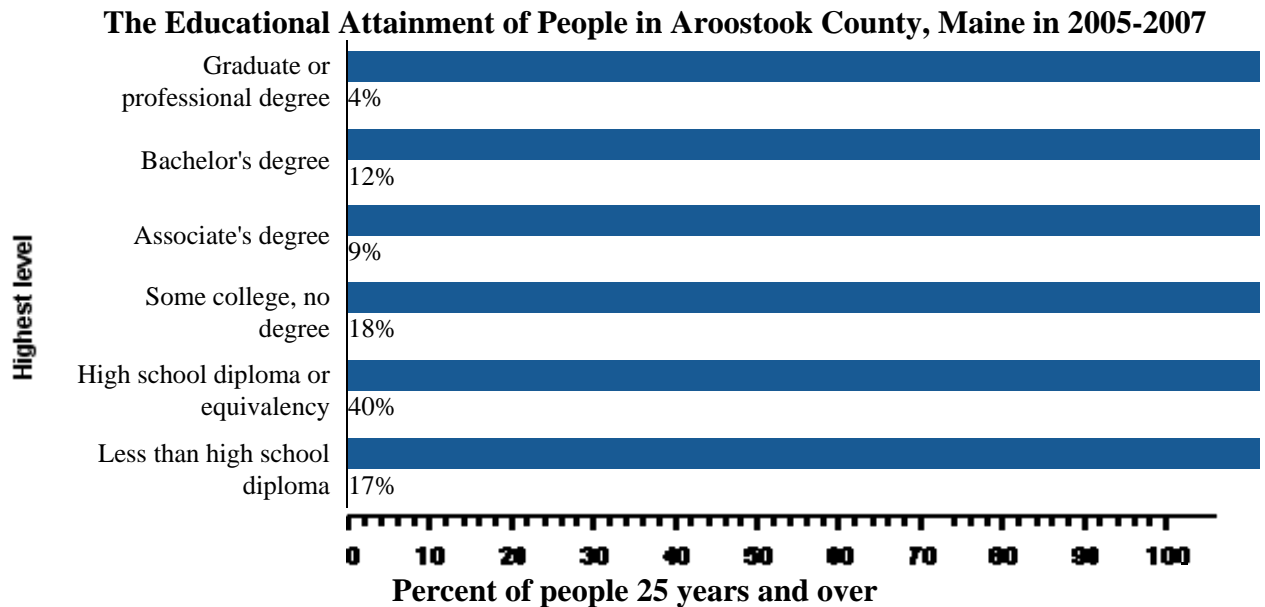
GEOGRAPHIC MOBILITY: From 2005-2007, 88 percent of the people at least one year old living in Aroostook County were living in the same residence one year earlier; 8 percent had moved during the past year from another residence in the same county, 2 percent from another county in the same state, 2 percent from another state, and less than 0.5 percent from abroad.



Source: American Community Survey, 2005-2007

EDUCATION: From 2005-2007, 83 percent of people 25 years and over had at least graduated from high school and 16 percent had a bachelor's degree or higher. Seventeen percent were dropouts; they were not enrolled in school and had not graduated from high school.

The total school enrollment in Aroostook County was 16,000 from 2005-2007. Nursery school and kindergarten enrollment was 1,800 and elementary or high school enrollment was 9,700 children. College or graduate school enrollment was 4,100.

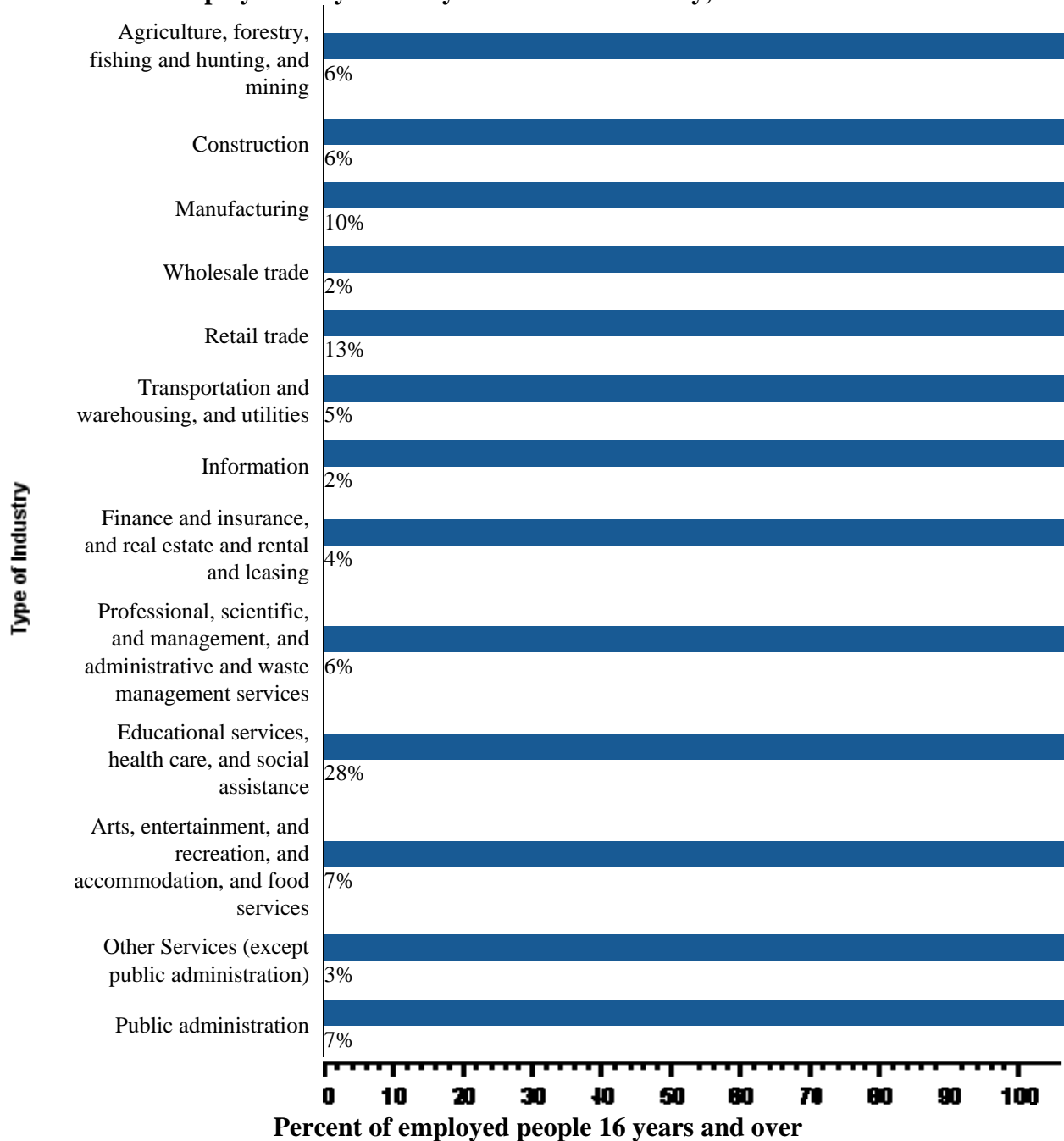


Source: American Community Survey, 2005-2007

DISABILITY: In Aroostook County, among people at least five years old from 2005-2007, 24 percent reported a disability. The likelihood of having a disability varied by age - from 9 percent of people 5 to 15 years old, to 21 percent of people 16 to 64 years old, and to 45 percent of those 65 and older.

INDUSTRIES: From 2005-2007, for the employed population 16 years and older, the leading industries in Aroostook County were educational services, and health care, and social assistance, 28 percent, and Retail trade, 13 percent.

Employment by Industry in Aroostook County, Maine in 2005-2007



Source: American Community Survey, 2005-2007

OCCUPATIONS AND TYPE OF EMPLOYER: Among the most common occupations were: Management, professional, and related occupations, 30 percent; Sales and office occupations, 22 percent; Service occupations, 19 percent; Production, transportation, and material moving occupations, 16 percent; and Construction, extraction, maintenance and repair occupations, 11 percent. Seventy-one percent of the

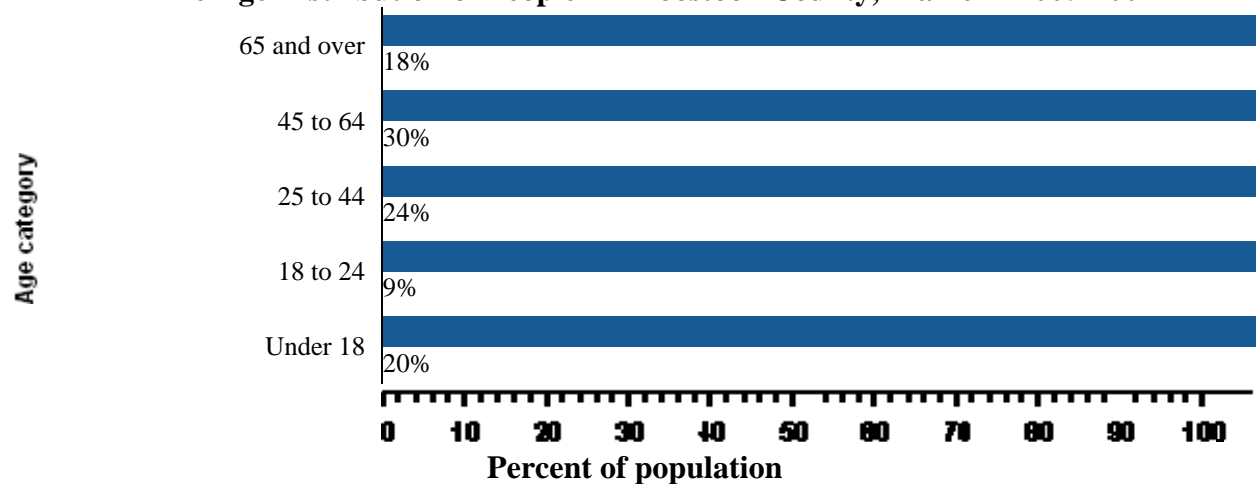
people employed were Private wage and salary workers; 21 percent was Federal, state, or local government workers; and 8 percent was Self-employed in own not incorporated business workers.

TRAVEL TO WORK: Eighty percent of Aroostook County workers drove to work alone from 2005-2007, 10 percent carpooled, less than 0.5 percent took public transportation, and 6 percent used other means. The remaining 3 percent worked at home. Among those who commuted to work, it took them on average 16.3 minutes to get to work.

INCOME: The median income of households in Aroostook County was \$34,225. Seventy percent of the households received earnings and 20 percent received retirement income other than Social Security. Thirty-seven percent of the households received Social Security. The average income from Social Security was \$12,391. These income sources are not mutually exclusive; that is, some households received income from more than one source.

POPULATION OF Aroostook County: From 2005-2007, Aroostook County had a total population of 72,000 - 37,000 (51 percent) females and 35,000 (49 percent) males. The median age was 43.4 years. Twenty percent of the population was under 18 years and 18 percent was 65 years and older.

The Age Distribution of People in Aroostook County, Maine in 2005-2007



Source: American Community Survey, 2005-2007

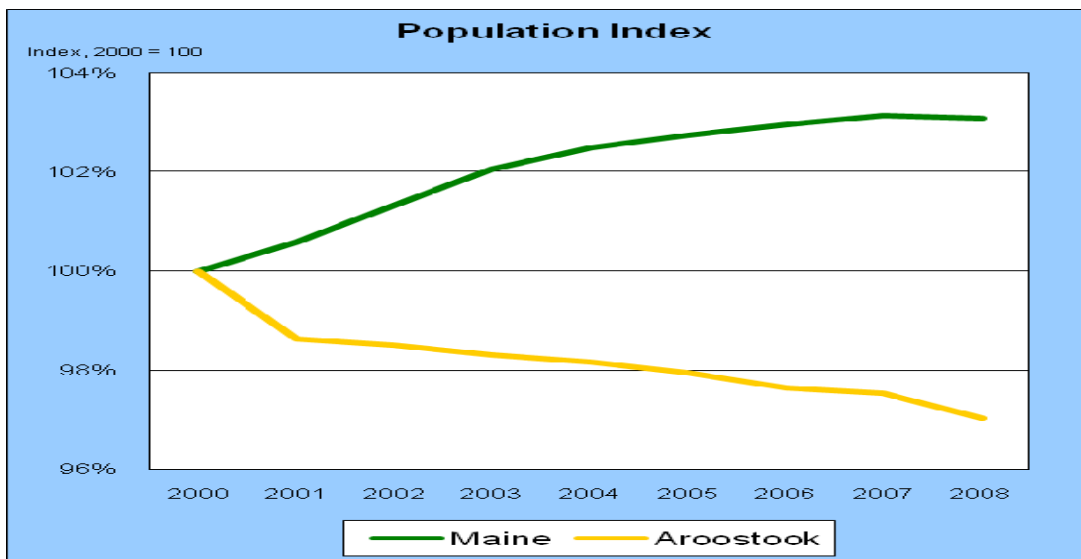
For people reporting one race alone, 97 percent were White; 1 percent were Black or African American; 1 percent were American Indian and Alaska Native; 1 percent were Asian; less than 0.5 percent were Native Hawaiian and Other Pacific Islander, and less than 0.5 percent were some other race. One percent reported two or more races. One percent of the people in Aroostook County were Hispanic. Ninety-six percent of the people in Aroostook County were White non-Hispanic. People of Hispanic origin may be of any race.

Population Trends

<i>Population Trends</i>									
Population and Components of Change									
Area	Estimate Year			Change from 2000 to 2008					
	2000	2007	2008	Net	Percent	Natural Increase	Components of Change		
							Total	International	Internal
Maine	1,277,225	1,317,207	1,316,456	39,231	3.1%	12,652	34,624	5,371	29,253
Aroostook	73,866	72,047	71,676	-2,190	-3.0%	-1,127	-788	385	-1,173

Census Bureau [For more detail](#)

Population by Gender and Age, 2007			
Gender/Age Group	Number	Percent of Total	
		Aroostook	Maine
Total	72,176	100.0%	100.0%
Male	35,255	48.8%	48.8%
Female	36,921	51.2%	51.2%
Under 14	11,386	15.8%	17.3%
15 to 24	9,414	13.0%	12.9%
25 to 34	7,482	10.4%	11.3%
35 to 44	9,748	13.5%	14.7%
45 to 54	11,735	16.3%	16.5%
55 to 64	9,742	13.5%	12.6%
65 to 74	6,465	9.0%	7.5%
75 to 84	4,693	6.5%	5.3%
85+	1,511	2.1%	1.9%
Median Age	-	43	41



Aroostook County's population was 73,938 in 2000, down 15 percent from 86,936 in 1990 and a 19 percent decrease from 91,331 in 1980. During the same time frame, Maine's population has increased 11.8 percent since 1980 indicating people are moving into southern Maine areas from out of state. Population projections from the Maine State Planning Office show that the population in the County will fall to 73,303 in 2005 and begin increasing to 73,333 by 2010 and 75,225 in 2015. In addition, the median age in Aroostook County has risen from 27.9 in 1980 to 40.7 in 2000, an increase of 31.4 percent. Maine's median age was 30.4 in 1980 increasing to 38.6 in 2000, a 21.2 percent increase.

Since 1980, the number of children aged 17 and under has decreased 42 percent going from 28,860 to 16,720 and also, the number of people age 18-34 has decreased 47.4 percent going from 26,455 to 13,913. These numbers demonstrate the growing concern of out-migration of youth away from Aroostook County and have encouraged regional partnerships and efforts to focus on promoting economic growth which will in turn provide quality jobs that are worth staying and coming back for. Also, local colleges and universities have implemented programs geared towards manufacturing and information technologies to provide training which will ensure good quality employees for Aroostook's key industries.

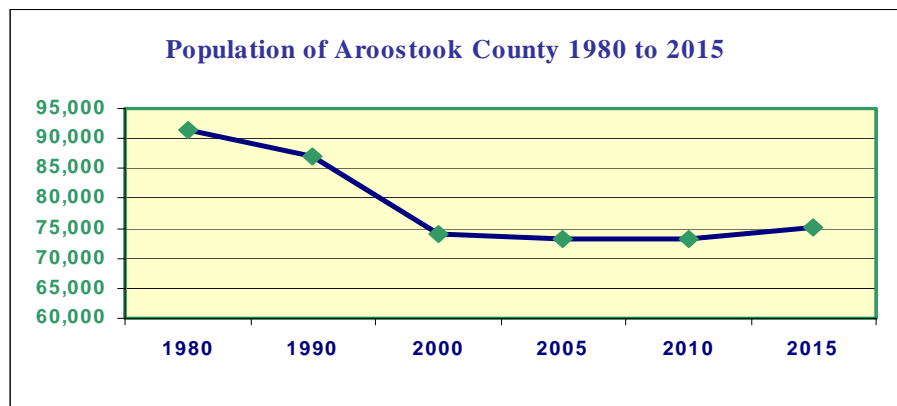
AROOSTOOK COUNTY

	1980	1990	2000	2005	2010	2015
Population	91,331	86,936	73,938	73,303	73,333	75,225
Under 18	28,860	22,350	16,720	14,144	13,015	13,047
18-64	52,937	53,469	44,667	44,204	44,439	44,164
65+	9,534	11,117	12,551	12,661	13,611	15,682
Male	45,666	43,924	36,095			
Female	45,665	43,012	37,843			
Median Age	27.9	33.3	40.7			

MAINE

	1980	1990	2000
Population	1,124,660	1,227,928	1,274,923
Under 18	321,387	219,003	301,238
18-64	662,355	755,553	790,283
65+	140,918	253,372	183,402
Male	546,235	597,850	620,309
Female	578,425	630,078	654,614
Median Age	30.4	33.9	38.6

Source: US Census Bureau



Education, Income & Poverty Characteristics

Sources of Personal Income, 2000 and 2007

Source	Income (in 000 \$)		Change in Personal Income		Percent of Total	
	2000	2007	Net	Percent	Aroostook	Maine
Personal income	\$1,539,909	\$1,988,244	\$448,335	29.1%	100.0%	100.0%
Net earnings 1/	\$917,327	\$1,179,692	\$262,365	28.6%	59.3%	63.9%
Personal current transfer receipts	\$397,831	\$612,343	\$214,512	53.9%	30.8%	19.6%
Income maintenance 2/	\$44,575	\$50,384	\$5,809	13.0%	2.5%	1.6%
Unemployment insurance compensation	\$6,485	\$9,546	\$3,061	47.2%	0.5%	0.3%
Retirement and other	\$346,771	\$552,413	\$205,642	59.3%	27.8%	17.7%
Dividends, interest, and rent	\$224,751	\$196,209	-\$28,542	-12.7%	9.9%	16.5%
Earnings by place of work (\$000)	\$1,032,834	\$1,342,063	\$309,229	29.9%	67.5%	69.7%
Wage and salary disbursements	\$746,317	\$952,234	\$205,917	27.6%	47.9%	50.0%
Supplements to wages and salaries	\$171,583	\$245,206	\$73,623	42.9%	12.3%	12.0%
Employer pension and insurance contributions	\$115,300	\$179,336	\$64,036	55.5%	9.0%	8.6%
Employer govt social insurance contributions.	\$56,283	\$65,870	\$9,587	17.0%	3.3%	3.5%
Proprietors' income	\$114,934	\$144,623	\$29,689	25.8%	7.3%	7.7%
Nonfarm proprietors' income	\$100,967	\$133,767	\$32,800	32.5%	6.7%	7.6%
Farm proprietors' income	\$13,967	\$10,856	-\$3,111	-22.3%	0.5%	0.1%

Bureau of Economic Analysis [For more detail](#)

Poverty Rates, 2006		
Age Group	Aroostook	Maine
All people	18.0%	12.8%
Under 18 years	21.8%	17.1%
18 years and over	17.0%	11.6%
18 to 64 years	17.4%	11.9%
65 years and over	15.5%	10.1%
People in families	11.6%	9.1%

Census Bureau [For more detail](#)

School Enrollment, 2007			
Enrollment	Number	Percent of Total	
		Aroostook	Maine
Total	15,600	100.0%	100.0%
Primary School	7,731	49.6%	50.0%
Secondary School	3,730	23.9%	23.6%
College/graduate school	4,139	26.5%	26.4%

Census Bureau [For more detail](#)

Household Income, 2007			
Income Bracket	Number of Households	Percent of Households	
		Aroostook	Maine
Total households	31,114	100.0%	100.0%
Less than \$10,000	4,009	12.9%	8.0%
\$10,000 to \$14,999	3,194	10.3%	6.7%
\$15,000 to \$24,999	4,728	15.2%	12.4%
\$25,000 to \$34,999	3,909	12.6%	12.0%
\$35,000 to \$49,999	4,822	15.5%	15.6%
\$50,000 to \$74,999	5,599	18.0%	20.5%
\$75,000 to \$99,999	2,725	8.8%	11.6%
\$100,000 to \$149,999	1,532	4.9%	8.8%
\$150,000 to \$199,999	361	1.2%	2.4%
\$200,000+	235	0.8%	2.1%
Median household income		\$32,642	\$45,211
Mean household income		\$42,267	\$57,696

Census Bureau

[For more detail](#)

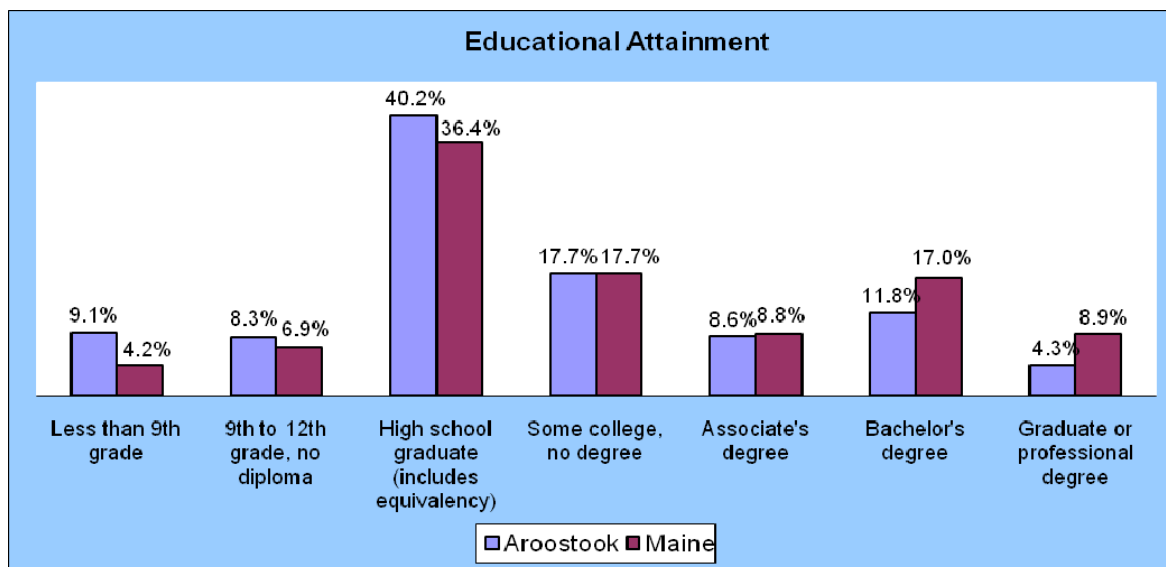
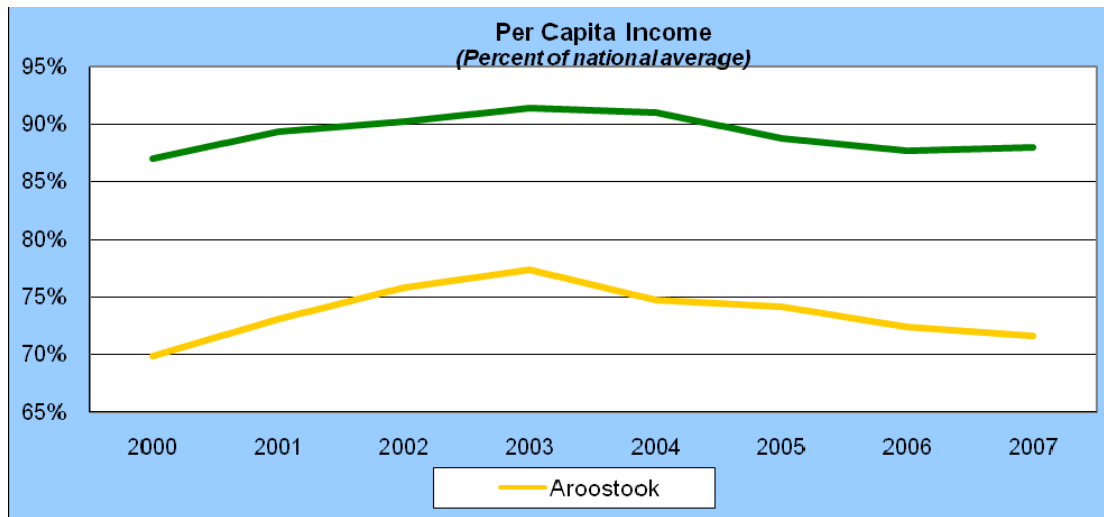
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Unemployment Trends

The average unemployment rate in Aroostook County for 2007 was 6.4 percent, while the state average unemployment was at 4.7 percent.

Aroostook	2003	2004	2005	2006	2007
Labor Force	37,840	38,715	35,090	35,540	35,400
Employed	35,970	36,873	32,780	33,210	33,140
Unemployed	1,870	1,842	2,320	2,330	2,250
Rate	4.90%	4.80%	6.6	6.6	6.4

Source: Maine Department of Labor, Division of Labor Market Information Services



Occupational Employment, Wages & Outlook

Occupational Group	2007		2004 to 2014 Projected Job Growth*
	Employed	Average Wage	
<i>Total all occupations</i>	29,840	\$31,217	0.2%
Management	1,160	\$68,348	1.3%
Business and Financial Operations	810	\$49,782	-0.1%
Computer and Mathematical	N/D	\$53,202	25.0%
Architecture and Engineering	150	\$57,463	-1.7%
Life, Physical, and Social Science	140	\$50,283	1.0%
Community and Social Services	460	\$32,759	8.3%
Legal	N/D	\$48,964	9.1%
Education, Training, and Library	2,490	\$35,458	0.3%
Arts, Design, Entertainment, Sports, and Media	310	\$21,661	2.2%
Healthcare Practitioners and Technical	1,890	\$54,510	8.2%
Healthcare Support	1,520	\$21,745	9.1%
Protective Service	340	\$33,762	6.3%
Food Preparation and Serving-Related	1,970	\$18,263	5.3%
Building and Grounds Cleaning and Maintenance	940	\$22,253	2.5%
Personal Care and Service	870	\$20,878	7.6%
Sales and Related	2,730	\$25,816	0.2%
Office and Administrative Support	5,010	\$26,601	-6.6%
Farming, Fishing, and Forestry	390	\$28,189	-4.7%
Construction and Extraction	1,080	\$28,218	-1.0%
Installation, Maintenance, and Repair	1,570	\$33,714	0.3%
Production	1,530	\$27,704	-12.0%
Transportation and Material Moving	2,870	\$25,466	-1.7%

N/D: Not Disclosable

*Projection for the Northern Region, which includes Aroostook and Washington Counties.

Center for Workforce Research & Information

Description of Natural Resources

Forestry

The most comprehensive look at the forestry industry remains, at this time, to be a report that was produced by Innovative Natural Resource Solutions, LLC for Maine Department of Conservation – Maine Forest Service and the Maine Technology Institute in 2005. In discussion with INRS, they indicate that there has been no update of this information and that the findings and direction indicated in the report are still pertinent, but that the statistics would be dated.

Table III.B. shows the number of Maine woods products companies operating during the five-year period between 1996 and 2000. It also shows the relative importance of these numbers as a percentage of all manufacturing firms and as a percentage of firms from all business sectors in Maine.

	1996	1997	1998	1999	2000
Number of Lumber and Wood Products Manufacturers	811	850	854	881	912
Percentage of All Manufacturers	33.39	33.15%	33.05%	33.06%	34.14%
Percentage of All Employers	2.18%	2.16%	2.17%	2.17%	2.21%

In 1996 the Department of Labor reported 811 total employers in the wood products sector (SIC Codes 24 and 25). The number of wood products companies has grown 12.45% over the last five years from 811 in 1996 to the 2000 level of 912. Growth in the number of companies in this sector was relatively constant at about 3.16% to 4.8% a year, except for the years 1997 to 1998 when the number of manufacturers increased by only four or .47 percent. The 2000 number represents 34.14 percent of total manufacturers, and 2.21% percent of all employers.

The number of companies producing wood products, percentage of all manufacturers, and percentage of all employers has shown growth over the last five years. This is a different picture than in the five years prior to 1996 when wood products manufacturers declined slightly.

	1996	1997	1998	1999	2000
Number of Person Employed by Lumber and Wood Products Manufacturers*	11,210	11,715	11,825	12,438	12,730
Percentage of All Manufacturers	12.38%	13.54%	13.56%	14.47%	14.85%
Percentage of All Employers	2.68%	2.73%	2.67%	2.72%	2.69%

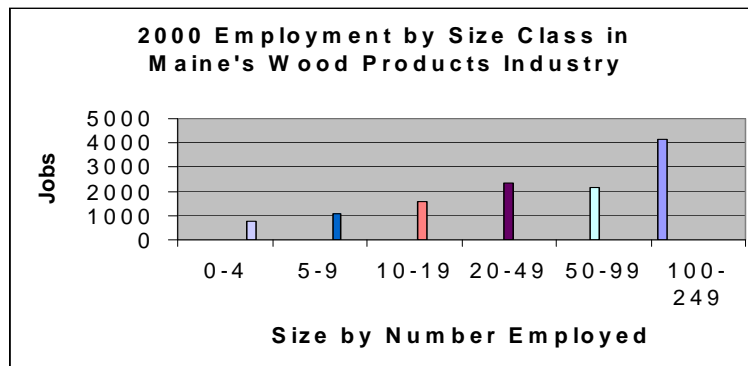
Table III.C. shows the number of people employed by the wood products sector during the five-year period between 1996 and 2000. It also shows the relative importance of these numbers as a percentage of all manufacturing employees and as a percentage of all covered employees in Maine. In 2000 the Department of Labor reported 12,730 total employees working in the wood products sector (SIC Codes 24 and 25). This number represents 14.85% of total persons

employed by manufacturers in Maine, and 2.69% of covered employment for all Maine employers. During the five –year period from 1996 to 2000, the number of employees has steadily increased from 11,210 in 1996 to 12,730 in 2000. The contribution to overall employment by the wood products sector has increased relative to manufacturers as a whole.

Comparison of Contribution to Employment by Size Class within the Industry

Wood products companies in northern Maine vary greatly in size when compared on the basis of the number of employees per company. As reported over the last five years, the number of companies within a given size class is inversely proportional to the number of employees per company. In other words, the number of companies declines as the number of employees per company increases. Of the 912 companies reporting in 2000, 54.71 percent employed four people or less and 72.80 percent employed 9 people or less. Companies with over 100 employees accounted for less than 3.17 percent of the total. This trend holds true for the prior five years as well. The next five years are predicted to continue in this trend.

Graph III.D compares total jobs by size class in 2000.



If we define companies with less than 50 employs as small and companies with 50 or more employs as large, the 2000 data allows us to say that the employment in the industry is nearly equally divided among small and large companies; however, the per-company contribution to employment by the large companies is very important. While this group comprises only 6.68 percent of wood products companies in Maine it accounts for nearly one-half of the jobs in this sector. Relatively speaking the loss of a single large company will greatly impact overall job count in the industry.

Much of the region’s raw forest materials are exported to Canada, because of the close proximity of Canadian value-added manufacturing and traditional business associations that have existed for more than 100 years. Canadian companies are also purchasing large tracts for forestlands. If these forest products were processed in Aroostook, the forest industry would become a stronger component of the economy. Also, politically, statewide forest referendums have created a tremendous uncertainty within the forest industry. This affects capital investment in all areas. Also, many from outside the area want to set aside vast forest acreage for recreation.

The advent of mechanized wood harvest operations and the construction of thousands of miles of roads, coinciding with increased public demand for recreational use, changed the whole “quality” of the back woods experience in more recent times. These land-use changes are overseen by Maine’s Land Use Regulation Commission (LURC) which administers a complex set of

regulations and permits for most land-use changes or construction activity in the unorganized region. The Maine Forest Service administers the Maine Forest Practices Act which guides all forest harvest operations.

Agriculture and the Maine Potato Industry

Excerpted from “A Study of the Maine Potato Industry, Its Economic Impact” prepared in 2003 by Planning Decisions, Inc. for the Maine Potato Board

The Maine potato industry is a cluster of businesses involved in growing, processing, marketing, and transporting potatoes. It encompasses over 500 businesses generating nearly \$300 million in annual sales, employing over 2,600 people, and providing over \$112 million in income to Maine residents.

The Maine potato industry creates an impact that spreads throughout the State. The industry's direct sales of \$293 million create an indirect impact back through its chain of suppliers amounting to another \$179 million in sales and an additional 2,400 jobs. These impacts, in turn, create income for Maine consumers who spend throughout the economy. These induced effects add another \$68 million in sales and 1,100 jobs to the State's economy.

In short, the total impact of the potato industry on Maine's economy is \$540 million in sales, 6,100 jobs, over \$230 million in personal income, and over \$32 million in state and local taxes.

Maine's potato industry has declined in relative size as areas in the western U.S. and maritime Canada have increased production. However, Maine's acreage has stabilized in recent years and tremendous investment has been made in irrigation, storage, and processing. Maine continues to play an important role in the nation's potato industry.

Over the past generation, Maine's potato industry has moved from dependence upon a single, basic commodity to a wider variety of specialized products. The future vitality of the industry depends on recognizing the nature of this change and capturing the opportunities it presents.

These changes have meant the departure of hundreds of growers from the business, and the withdrawal of thousands of acres from potato cultivation. It has not, however, been a death knell for the industry. To the contrary, the removal of marginal land from cultivation provides those growers who remain with an unprecedented opportunity to build a solid foundation for the future. If the approximately four hundred growers now cultivating approximately 64,000 acres make a commitment to increasing their yields on that land and growing the product their customers want, the industry can maintain its cluster of support businesses and look forward to a bright future.

Economic Impact of the Potato Industry on the Maine Economy

The potato industry has long been one of the pillars of the Maine economy. While less publicized than newer Maine industries such as financial services, medical research, software development, growing and processing potatoes remains one of the state's most important sources of employment and income, particularly in Aroostook County. The Maine Potato Board commissioned a study by Planning Decisions that produced a report called “The Maine Potato Industry, its Economic Impact 2003”. Much of the following information is from that report which is still the most recent analysis of the potato industry available. In 2007, sales of Maine

potatoes exceeded \$90 million, making potatoes Maine’s number one agriculture crop. The sale of potatoes by growers, however, is merely a portion of Maine’s total potato industry. In the parlance of modern economic development theory, Maine’s potato industry constitutes a significant economic cluster. Growing potatoes lies at the center of a complex web of economic interconnections stretching back through a chain of suppliers, forward through a chain of value added processors and indirectly providing sales and jobs to many other businesses throughout the state. These activities, in turn, provide significant tax revenues to both local and state government. The first purpose of this report is to examine this web of interconnections and quantify it, in a word, to identify the full economic impact of the potato industry on the State of Maine. Having done this, a second purpose of the report is to examine recent trends in the industry, both locally and nationally, and suggest ways the industry can maintain and enhance its vitality so as to remain the pillar it has long been for the state’s economy.

Because of agriculture’s unique treatment under Department of Labor employment legislation and because so much of the industry is operated by family enterprises, it is more difficult to gather the sales and employment data by which most other industries are measured. The following assessment is based on data gathered from a variety of statistical sources including state and national departments of agriculture and labor, the U.S. Bureau of the Census, various trade sources and interviews with a wide variety of industry participants. It is intended to provide a general order of magnitude of the economic activities involved in Maine’s potato industry.

Figure 2
Indices of the Maine Potato Industry, 2001 crop

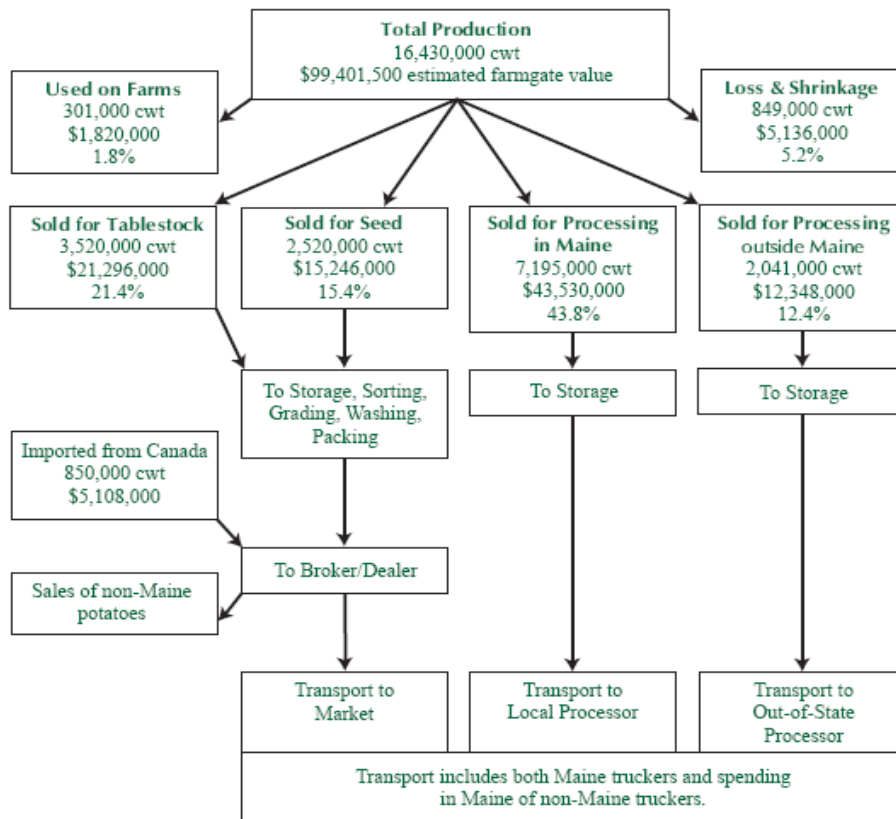


Figure 2 illustrates the so-called farmgate value of the potato crop; that is the value at harvest. It also depicts the additional economic activities that add value to the crop as it moves to market. Some of these activities are performed by growers, some by separate businesses. To the extent that they incur a cost and thus generate an income for whoever performs the activity, they must be included in any estimate of the total economic impact of the industry.

In 2001., it is estimated that \$293 million represents the total sales of all those businesses *in Maine* that grow and add value in some way to the Maine potato (and non-Maine potatoes that are imported to, sold in, or transported through Maine) as it moves toward its ultimate consumer. It includes growers, packers, brokers, and dealers, instate processors and transporters. It includes those producers of starch and animal feed that use waste generated by potato processors. In short, the direct impact of the Maine potato industry is the total value of final sales in Maine of those businesses involved in bringing potatoes to market. Table 1 presents an estimate of the employment and income figures accompanying these sales figures.

Table 1
Estimated Sales, Employment, and Income, Maine Potato Industry, 2001

Sector	Sales (\$1,000)	Employment	Income (\$1,000)
Growers	\$80,350*	1,200	\$26,500
Processors	\$161,000	850	\$60,800
Wholesale	\$13,250	300	\$9,300
Transport	\$38,400	300	\$15,400
Total	\$293,000	2,650	\$112,000

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The total employment of 1,200 listed in Table 1 is a rough estimate of a full time equivalent number that could be compared to employment in the other sectors of the industry. The income figure of \$26.5 million is derived both from earnings reported from covered employment and estimates of farm proprietor's income used by USDA and Bureau of Economic Analysis (BEA).

The remaining data in Table 1 are derived from Department of Labor covered employment data, employment to sales ratios derived from the *1997 Census of Business*, from interviews with managers at each of Maine's potato processing plants, and with officials involved in and knowledgeable of the wholesaling and transport sectors of the industry. The processing totals include values for starch and animal feed production derived from waste generated at primary processing facilities.

The direct impact of the potato industry in Maine amounts to \$293.0 million in industrial sales and approximately 2,650 jobs. The indirect impact of the industry amounts to \$179.2 million in business sales and approximately 2,400 jobs, and the induced impact amounts to \$67.8 million in

sales and approximately 1,100 jobs. The total impact amounts to \$540 million in business sales and over 6,100 jobs.

In addition to the sales and employment impacts of the industry, potatoes have a substantial fiscal effect on the state. The total income earned from the sales of \$540 million amounted to \$233 million. This includes wages paid for labor, proprietor's income earned by small enterprises not covered by labor reporting requirements, and corporate profits. This income generates substantial revenue for Maine's state and local governments.

Keys to Future Vitality for the Potato Industry

Over the past generation, Maine's potato industry has moved from dependence upon a single, basic commodity to a wider variety of specialized products. The future vitality of the industry depends on recognizing the nature of this change and capturing the opportunities it presents.

There are two essential characteristics of a commodity industry. First, the source of the product is indistinguishable and largely unimportant to the customer. Second, price is the predominant factor in determining whose product a customer buys. Throughout the 1940's, 50's and 60's, these factors served the Maine potato industry well. Fresh potatoes were a staple of virtually all consumers' diets, and bags of fresh potatoes from Maine were a good buy for households throughout the Northeast.

Since at least the 1970's, three factors have drastically reduced Maine's advantage in this market. First, the vast movement of women into the labor force changed the nature of household food preparation and, with it, the formerly steady growth in demand for fresh potatoes. Second, the development of much larger farms in the Pacific Northwest, supported by irrigation from the hydroelectric power developments of the Depression, and potatoes brought to the Northeast in huge volumes by rail, eroded Maine's relative price advantage (an effect compounded by the increase in Canadian imports in the 1990's) Third, the vast expansion of fast food outlets and with them the growth in demand for frozen French fries, further eroded the position of Maine's basic potato product--the standard household round white potato.

These factors explain much of the change in Maine's market position, noted in Part 3 above, and set the stage for the future of Maine's potato industry.

These changes have meant the departure of hundreds of growers from the business, and the withdrawal of thousands of acres from potato cultivation. It has not, however, been a death knell for the industry. To the contrary, the removal of marginal land from cultivation provides those growers who remain with an unprecedented opportunity to build a solid foundation for the future. If the approximately four hundred growers, now cultivating approximately 64,000 acres, make a commitment to increasing their yields on that land, and growing the product their customers want, the industry can maintain its cluster of support industries and look forward to a bright future. The key factors that will determine this future are:

- Increasing yields through investment in water sources, irrigation equipment, potato storage facilities, and rotation crops;
- Improving product selection and presentation through closer relationships with customers;

- Improving financial health through continuous improvement in business management processes; and
- Strengthening and diversifying the processing industry.

Broccoli

While Aroostook County is well-known for potatoes, it is home to a variety of other crops as well. In an attempt to diversify crops, some growers have turned to cold crops and other vegetables. One of the biggest of these is broccoli. Maine ranks among the top five broccoli-growing states in the nation, along with California, Arizona, Washington and Oregon, according to the U.S. Department of Agriculture. Maine has consistently made the top five for about 20 years.

However, growth in northern Maine's broccoli industry will depend on several factors. High unemployment rates in the past caused unemployed workers to seek employment in farming. Presently, with low unemployment rates, potato and broccoli farms are both experiencing a shortage of workers. The farm community uses migrant workers that, although highly efficient, require housing and other services. Another factor affecting the broccoli industry is the labor-intensive needs this crop requires in growing and harvesting. There are currently two major growers of the crop in northern Maine.

In 2006, Maine had about 5,500 acres of broccoli planted according to Mary Ellen Johnston, director of marketing and production development for the state Department of Agriculture. She said that, under ideal conditions, each acre can produce 8,000 pounds, which would result in a harvest of 44 million pounds.

Discussion of Political Units having Jurisdiction (e.g., Municipal, County, Special District, State, Federal, or Federal Trust Status)

Region 1 encompasses all of Aroostook County; Maine's largest county, the towns of Mount Chase, Patten, and Stacyville and three unorganized townships in Penobscot County; another nineteen unorganized townships in the northern part of Piscataquis County; and the Town of Danforth in Washington County. There are 71 communities in the RTAC region. Ninety-six of Aroostook County's 163 townships are located in unorganized territories, which encompasses 60% of the region's total land area.

Description of Main Economic Sectors, Analysis of Recent Trends, and Analysis of Region's Economic Ties

Business Climate

Unlike the early 2000's, when much of the business creation and expansion activity was associated with initiatives by the Loring Development Authority at the Loring Commerce Center, new and expanding business activity was more broadly based in the past few years. From 2006 to 2008, 26% of the significant business growth was related to the woods product, 12% were call-center related, and the others were associated with food processing, back office services and military-related production/repair.

Major Start-ups and Expansions

Louisiana Pacific Corporation - New Limerick

Jobs Created: 39 Jobs Retained: 111
Investment: \$104,000,000
Public Sector Investment: \$16,000,000

Appalachian Engineered Floors - Patten

Jobs Created: 29 Jobs Retained: 0
Investment: \$1,200,000
Public Sector Investment: \$775,000

DFAS Limestone

Jobs Created: 310 Jobs Retained: 350
Investment: \$ 660,000
Public Sector Investment: \$0

Katahdin Forest Products - Oakfield

Jobs Created: 4 Jobs Retained: 0
Investment: \$ 1,000,000
Public Sector Investment: \$408,000

Maine Military Authority - Caribou

Jobs Created: 30 Jobs Retained: 40
Investment: \$1,100,000
Public Sector Investment: \$750,000

Tate and Lyle - Houlton

Jobs Created: 0 Jobs Retained: 37
Investment: \$2,000,000
Public Sector Investment: TIF

Smith & Wesson - Houlton

Jobs Created: 10 Jobs Retained: 96
Investment: \$1,000,000
Public Sector Investment: TIF

Sitel - Limestone

Jobs Created: 25-50 Jobs Retained: 0
Investment: \$23,000
Public Sector Investment: \$ 65,000

Northeast Pellets LLC - Ashland

Jobs Created: 14 Jobs Retained: 0
Investment: \$300,000
Public Sector Investment: \$ 500,000

Connect North America - Presque Isle

Jobs Created: 300 Jobs Retained: 0
Investment: \$500,000
Public Sector Investment: \$1,000,000

Synergy Solutions - Ft. Kent

Jobs Created: 150 Jobs Retained: 0
Investment: n/a
Public Sector Investment: \$500,000

Maine Mutual Group - Presque Isle

Jobs Created: 35 Jobs Retained: 125
Investment: \$5,000,000
Public Sector Investment: TIF

I Care Pharmacy - Ft. Fairfield

Jobs Created: 40 Jobs Retained: 0
Investment: n/a
Public Sector Investment: \$0
Public Partners: NMDC, APP, Ft. Fairfield

Marden's/Ames Complex - Madawaska

Jobs Created: 80+ Jobs Retained: n/a
Investment: \$3,200,000 +/-
Public Sector Investment: \$400,000

Starch Partners Inc. - Ft. Fairfield

Jobs Created: 23 Jobs Retained: n/a
Investment: \$3,300,000
Public Sector Investment: \$1,000,000
Public Partners: NMDC, SBA, Ft. Fairfield

FND, Inc. - Frenchville

Jobs Created: n/a Jobs Retained: n/a
Investment: \$3,000,000
Public Sector Investment: \$500,000

Crosswinds Assisted Facility - Ft. Kent

Jobs Created: 32 Jobs Retained: n/a
Investment: \$1,900,000
Public Sector Investment: \$105,000

Lugdon Lodge - Eagle Lake

Jobs Created: 2 Jobs Retained: 4
Investment: \$423,000
Public Sector Investment: \$290,000

REM Logging - Patten

Jobs Created: 2 Jobs Retained: 5
Investment: \$520,000
Public Sector Investment: \$115,000

Clukey's Parts & Equipment - Houlton

Jobs Created: 0 Jobs Retained: 16
Investment: \$300,000
Public Sector Investment: \$100,000

Houlton Water Company

The EDA presented a \$1.2 million public works grant to Houlton Water Company. The funding was necessary for the electric utility to upgrade its electrical power substation in New Limerick to meet the additional 6,000 kVA power demand of LP Corp's new laminated strand lumber product line. The substation upgrade was integral to the \$140 million LP Corp project. NMDC prepared the EDA application for Houlton Water Company.

Jobs Retained: 111

New Positions Created: 40

North Street in Houlton

The town of Houlton recognized the need to amend the North Street TIF District in order to capture \$3.8 million in new investment. Businesses with major expansion projects included Katahdin Trust Company, Vision Care, Shiretown Motor Inn and York's of Houlton.

Jobs Retained: 80

New Positions Created: 13

Van Buren Downtown

The town of Van Buren has been actively participating in a grass-roots downtown revitalization initiative for the past five years. With help and support of the local downtown merchants of Van Buren and Keegan business areas, town officials engaged the Northern Maine Development Commission to assist in guiding Van Buren through a Downtown Tax Increment Finance Program. At the heart of this initiative is the goal of fostering continued growth in the downtown by strengthening the degree of support downtown businesses will be able to receive as a result of continued private investment.

Van Buren Industrial Parks

For approximately 10 years, the town of Van Buren has attempted to position itself as a premier location for industrial development. Proximity to Canadian markets, raw material and transport opportunities, Van Buren desires to seize that opportunity by strengthening its local complement of industrial development incentives. The Van Buren Industrial Park Tax Increment Finance Program is designed to offer "performance-based" incentives designed to assist companies, both small and large. That, coupled with a good labor force, resourceful town government and receptive community, it believes that engaging with TIF at this time is the logical move for the community.

Lowe's Corporation, Inc. (LCI)

Lowe's Corporation operates as a home improvement retailer. NMDC prepared and submitted a Tax Increment Financing (TIF) application for the development of a 127,000-square-foot retail space and 20,000 square feet of office/warehouse space. The total project cost for the redevelopment of the site, a parcel of approximately 13.6 acres, totaled nearly \$15 million.

New Positions Created: 120

BLD Properties LLC

BLD Properties LLC plans to develop a 2.5 acre site into a lodging facility with a total estimated project cost of \$12,000,000. The construction of a 93-room inn with indoor pool, exercise room, meeting room, dining room and administration business center is proposed. The TIF application is being submitted by NMDC on behalf of the City of Presque Isle for the purpose of financing the off-site improvements. BLD purchased the former Presque Isle Armory and plans to develop the 5.5 acre site into three parcels. The District focuses on the rear parcel that is to be developed into a 93-room inn with the remaining two parcels to be developed in future years.

Potential Jobs: 100

Description of Region's Infrastructure

Road and Bridges

There are 1,125 miles of roadway maintained by the Maine Department of Transportation in northern Maine, not including the interstate system. Of that roadway, approximately 35% are 50 or more years old. Since the early 1960's new road construction has been on a steady decline. However, MDOT is presently working on 2 studies that could lead to the construction of new roads in the region, the Easton Access Study and the Aroostook County Transportation Study. The Easton Study is designed to improve access to several large manufacturers in Easton.

Roads are classified into a several different categories including:

Principal Arterial

Principal arterial system consists of a connected network of continuous routes having the following characteristics: 1. Serve corridor movements having trip length and travel density characteristics indicative of substantial statewide or interstate travel. 2. Serve all, or virtually all, urban areas in Maine. 3. Provide an integrated network without stub connections except where unusual geographic or traffic flow conditions dictate otherwise (e.g., international boundary connections and connection to coastal cities).

Minor Arterial

The minor arterial road system should, in conjunction with the principal arterial system, for a rural network having the following characteristics: 1) Link cities and larger towns (and other traffic generators, such as major resort areas, that are capable of attracting travel over similarly long distances) and form an integrated network providing interstate and intercounty service. 2) Be spaced at such intervals, consistent with population density, so that all developed areas of the State are within a reasonable distance of an arterial highway. 3) Provide (because of the two characteristics defined immediately above) service to corridors with trip lengths and travel density greater than those predominately served by rural collector or local systems. Minor arterials therefore constitute routes whose design should be expected to provide for relatively high overall travel speeds, with minimum interference to through movement.

Collector Road

The collector routes generally serve travel of primarily intracounty rather than statewide importance and constitute those routes on which (regardless of traffic volume) predominant travel distances are shorter than on arterial routes. Consequently, more moderate speeds may be typical, on the average.

Major collector roads generally: 1) provide service to any county seat not on an arterial route, to the larger towns not directly served by the higher systems, and to other traffic generators of equivalent intracounty importance, such as consolidated schools, shipping points, county parks, important mining and agricultural areas, etc.; 2) link these places with nearby larger towns or cities, or with routes of higher classification; and 3) serve the more important intracounty travel corridors.

Minor collector roads generally: 1) spaced at intervals, consistent with population density, to collect traffic from local roads and bring all developed areas within a reasonable distance of a collector road; 2) provide service to the remaining smaller communities; and 3) link the locally important generators with their rural hinterland.

The condition of the existing roadways in northern Maine, and the rest of the state, had deteriorated at an alarming rate in the 1990s. In May 2000, the 119th legislature enacted a

law that required MDOT to present annual budgets that will result in the improvements of the rural arterial highway system to modern design standards within 10 years. This represents the most ambitious highway program undertaken by MDOT. According to MDOT, Region 1 has 205 miles of National Highway System/Principal Arterial mileage of which 16.4 miles (8 percent) are considered deficient. In addition, there are 174 miles of minor arterial (18 percent deficient), and 488 miles of major collector (32 percent deficient). MDOT estimated that the cost of removing all of the backlog projects in Region 1 could exceed \$87 million. MDOT defines deficient as needing to bring the condition of the road to modern safety standards and adequate structural capacity.

Houlton is the northern terminus for the Interstate 95 corridor in the United States, before it connects with the Trans-Canada Highway System (Route 2) in New Brunswick, Canada. Along with the Trans-Canada Highway, all of these routes provide the necessary infrastructure to serve the forest products and agricultural industries, connect population centers, encourage tourism, and provide access to and from Canada. These various highways also provide vital connections to the remainder of Maine, New England, and the Atlantic Provinces of Canada.

US Route 1 serves as a major north-south rural arterial (it is a major collector below Houlton) for northeastern Aroostook County extending from Houlton to Fort Kent, passing through major urban community centers. Route 1 is generally a two-lane (three lanes at strategic points), undivided highway. Route 1-A, branches from Route 1 at Mars Hill and rejoins Route 1 at Van Buren. Although carrying less traffic, Route 1-A displays the same characteristics as Route 1 and has been identified as a heavy haul truck route. Town officials along Route 1-A have indicated a greater number of trucks using the route than in the past because of the time saved and ease of movement.

There are 351 bridges in the northern Maine area. Of the 351 bridges, 74 percent are the responsibility of the state, 15 percent are town, 8 percent are city, and 1 percent is the responsibility of the Maine Forest Service. There are 334 rural bridges and 17 urban bridges. 227 bridges need no improvements at this time, 43 are in need of replacement, 30 need to be widened, and 41 need to be rehabilitated.

Freight Routes

RTAC-1 and MDOT have designated certain routes as heavy haul truck routes. Heavy haul truck routes are a highway network that carries the most significant heavy haul truck traffic in the region. Heavy haul trucks are those with three or more axles. Heavy haul truck routes in Region 1 include: Route 161 (Allagash to Fort Fairfield), Route 11 (Fort Kent to Sherman), Route 1 (Fort Kent to Danforth), and Route 1-A (Van Buren to Mars Hill), Route 89 (Caribou to Limestone), Route 163 (Ashland to Easton), Route 2 (Houlton to Molunkus), and Route 2-A (Houlton to Macwahoc).

Bicycle Routes

The Northern Maine Bicycle Coalition developed a Northern Maine Bicycle Plan for RTAC-1. To evaluate corridors fairly, a number of criteria were developed. These include the identification of existing infrastructure, needed links, community connection, usefulness to users, and scenic/tourism potential. The RTAC also examined potential routes, potential barriers for construction, which is being served by the route, other possible routes in the region, and connectivity. Top priority routes in the region include: Route 1, Madawaska, Frenchville, and Fort Kent; Route 162, Frenchville, St. Agatha, T17 R5, and T17 R4; Cleveland Road, Grand Isle Road, St. Agatha, Madawaska, and Grand Isle; Route 161, Fort Kent to Caribou; Route 161, Caribou to Fort Fairfield; Grimes Road, Caribou to Fort Fairfield; Route 10, Presque Isle to Easton; Route 1-A,

Van Buren to Mars Hill; Route 163, Easton to Presque Isle; Route 11, Fort Kent to Ashland; Route 1, Van Buren to Caribou; Route 1, Houlton to Danforth; Westfield Rd, Westfield Rt. 1 to the West Ridge Rd.; and Route 2-A, Houlton to Haynesville.

Access Management Issues

Access to property is crucial for development. Communities have historically encouraged construction of transportation facilities because it enabled them to expand their tax base by attracting businesses and therefore to finance community services. Unrestricted access to an arterial or collector roadway ultimately results in traffic congestion and safety problems. As growth does occur, the cumulative effect of numerous driveways on the roadways causes side friction that impedes the flow of through traffic. Good access management can reduce accidents and prolong the useful life of the roadway.

In 2001, Maine's Legislature directed MDOT to draft rules and regulations for the design of driveways and entrances on state and state aid highways. The goals of this legislation are to increase safety, enhance productivity and avoid future construction costs. MDOT is currently concentrating its efforts on retrograde arterials and mobility corridors. Retrograde arterials are those arterials that have a higher than state average number of accidents due to the number of driveways or entrances located along the corridor. Retrograde arterials in region-1 include (either in their entirety or in portions): US Route-1, and state Routes 163, 167, and 89. Mobility corridors are those corridors where MDOT is seeking to maintain posted speed limits along the corridors. The only mobility corridor in the region is US Route 1 from Houlton to Caribou.

Airports

Maine is broken down for aviation planning purposes into 11 regions. Region 11, which covers all of Aroostook County, has four system airports. These airports include: Northern Maine Regional, Houlton International, Northern Aroostook Regional, and Caribou Municipal.

Northern Maine Regional Airport

The Northern Maine Regional Airport (NMRA), located in Presque Isle, is one of only three certificated airports in the State. The airport has two large paved runways measuring 7,440' x 150' and 5,994' x 150'. NMRA has been designated an economic development airport and provides Aroostook County with daily commuter flights as well as scheduled flights operated by a number of overnight freight companies. Principal facilities on the airport include an air terminal building, a general aviation terminal and hangar facility, a crash rescue and maintenance building, and an office and hangar complex. NMRA offers a full line of aviation services including air charter, aircraft maintenance, flight instruction, fuel services, aircraft deicing, and on-call customs and agricultural clearance services. The facility offers a full instrument landing system (ILS) and a variety of additional current technology navigational aids. The airport, although not currently used on a regular basis by larger commercial jet aircraft, has the capacity to handle such craft.

Houlton International Airport

The Houlton International Airport is a general aviation airport located adjacent to the Canadian border and serves the southern Aroostook and Woodstock N.B. areas. The airport has one 5,016' paved runway (5-23), plus a 500' long stopway at the southerly end, and a second 5,000' paved runway (1-19). A newly constructed complete taxiway

system has been built. The Airport has been designated as an "economic development airport" in the State Aviation Systems Plan; included in this plan are recommendations for a 500' runway extension and full precision instrument approach capability. Several navigation aids are available: Very High Frequency Omni Range/Distance Measuring Equipment (VOR/DME), Runway End Identifier Lights (REIL), Visual Approach Slope Indicator (VASI), and Precision Approach Patch Indicator (PAPI). Global Position Satellite (GPS) approach procedures are published. An Automated Surface Observation System (ASOS) has been installed. One hundred (100) octane fuel and jet fuel are available, as are major air frame and power plant repair, and full Fixed Base Operator (FBO) services including on demand charter. Twenty-four hour on-call US customs service is available. Requests to reinstate Canadian Customs pre-clearance service have been initiated.

Northern Aroostook Regional Airport

The Northern Aroostook Regional Airport, located in Frenchville, is an air taxi/charter airport with a 4,600' paved runway with 200' over-runs at each end, serving northern Aroostook County. The airport is open year-round seven days per week. The airport is located on over 100 acres of land, has a 5,525 square foot terminal building and hangar, as well as conventional hanger space, 100 octane low lead fuel, jet fuel, and 15 tie-down spaces. This airport is equipped with several navigation aids (navaids) including REILS, PAPI, ASOS, and NDB. There are plans to install a full precision GPS approach with either ALS or ALSF.

Caribou Municipal Airport

The Caribou Municipal Airport is a general aviation airport with a full service Fixed Base Operation providing airframe and power plant maintenance, flight instruction, air charter, and 100 L.L. aviation fuel sales. It has two paved runways, (1-19) is 4000' X 100' north-south runway and (11-29) is 3400' X 75' east-west runway. Both have pilot controlled runway lighting. There are fifteen (15) outdoor tie-downs and the ability to hangar six (6) aircraft. The airport is a twenty-four (24) point-of-entry for US Customs. The navigational aids available include ASOS, VOR/TAC, GPS approach procedures, and Bangor Approach Control. One run-way (1-19) has been narrowed from 150 feet wide to 100 feet and new lights and a transformer building have been constructed. A new hangar was constructed in 2000.

Radar Facilities

The Federal Aviation Authority (FAA) operates a long-range radar facility (ARSR 4) on the Albair Road in Caribou. The radar has an operational radius of 250 miles and services air traffic from airports located in Presque Isle, Caribou, Houlton, and Frenchville. There are two full-time and one part-time federal employee located at the site overseeing the day to day operations.

Railroads

The Montreal, Maine and Atlantic Railroad

The Montreal, Maine and Atlantic Railroad (MMAR) operates 436 miles of Class 2 main and branch rail lines within Maine. Although once the major mover of freight in Region 1, the MMAR now finds itself in financial difficulty and its future is uncertain. The MMAR ships french fries from the intermodal facility in Presque Isle. The MMAR pruned its trackage and upgraded its Ashland Branch to main line status and has concentrated on becoming a first-class forest products carrier. Its two largest customers, J.D. Irving LTD in Nashville Plantation and Fraser Paper in Madawaska, remain its important base in this industry. Two wafer board mills, Louisiana Pacific in New Limerick and J.M. Huber in Easton, represented additional base. Future plans at

Searsport that include the capability of transferring cargo containers from rail to ship. Development in this area could greatly enhance the marketability of northern Maine's products and the need for consistent rail service.

Canadian National Railroad

The Canadian National Railroad (CN) has signed a 99 year lease with the BAR to utilize a portion of its track from Van Buren to Madawaska. CN is now shipping much of Fraser Paper products to regional markets. CN also utilizes an international bridge owned by the MMARB in Van Buren to access its mainline in New Brunswick.

Intermodal Facilities

Presque Isle Industrial Council operates an intermodal facility located in the industrial park. The facility enables cargo containers to be transferred to train flatbeds via a piggy packer. Since the economy of northern Maine is based on natural resources, which tend to be high volume and low value, this facility opens new opportunities for economic growth and enhances the ability of northern Maine farmers and manufacturers to ship products throughout the United States. The intermodal facility will allow rail users and freight haulers the opportunity for dedicated train service to southern Maine and other parts of New England. Rail lines will connect with three (3) other proposed intermodal facilities in southern Maine.

Public Transportation

Aroostook Regional Transportation System (ARTS)

The Aroostook Regional Transportation System provides general public transportation throughout Aroostook County. Services are provided from each town in the County at least once a week to the nearest commercial center. Services are available to all members of the general public from the outlying towns to the commercial center and pick-up services are available in-town to the elderly and handicapped only. Fares are charged to members of the general public and half fare is charged to the elderly and handicapped. No fare is charged to Medicaid clients going to Medicaid covered services or to the elderly and handicapped going to a medical appointment. Services are provided to individuals with special needs who attend daily work or rehabilitation programs. These daily runs are also available to the general public, but no deviation from the special runs can take place due to time limitations.

Cyr Bus Lines

Cyr Bus Lines provides daily regional bus service from northern Maine to Bangor and points south with connections to the major national bus lines. The northern most pick-up point for the bus line is in Caribou. Residents in the St. John Valley and other points to the north must arrive in Caribou before 7:00 a.m. Riders who wish to go to Bangor would leave Caribou at 7:00 a.m. and not be able to return to the County until 10:00 p.m. that night.

Taxi Service

There are seven taxi services in Aroostook County. They include Aroostook Cab, Town Cab, and Viking Cab, City Cab in Caribou, Presque Isle Cab in Presque Isle, Shiretown and Houlton Cab in Houlton.

Seaports

Seaport access for northern Maine products is generally found through Maine's coastal ports of Searsport and Eastport, or, if desired, through the Canadian ports of Rivière du Loup, Quebec; St. John, New Brunswick; and Halifax, Nova Scotia. Access to the Maine ports is by Interstate 95, US Route 1, or rail service.

Port of Eastport

The Port of Eastport has undergone significant changes that could dramatically affect northern Maine's economy. Currently, the port operates in the middle of downtown Eastport, contains one 420 foot pier, and is designed to handle up to 50,000 tons of cargo per year. In 1996, the port handled over 200,000 tons of cargo, over 4 times its design capacity. A new expansion is under construction less than two miles from the present port at Estes Head. The new facility will include a 634 foot, a two berth pier that can accommodate a 900 foot vessel with a second 550 foot ship on the inside berth. These improvements will allow the port to more efficiently handle cargo from throughout the region.

Searsport

During the past 10 years, Searsport has handled 41 percent of the state's dry cargo and is one of the state's oldest commercial ports. The two commercial operators at Mack Point, the MMA Aroostook Railroad and Sprague Energy, handle a wide variety of products including paper, lumber, fuel, salt, coal, and other chemicals.

Trails

Nearly every municipality in Region-1 has access to a year-round multi-use trail system. Bicyclists, pedestrians, All Terrain Vehicles, skiers, snowmobilers, and equestrians utilize the trail system. The region's trail system includes approximately 2,200 miles of ITS snowmobile trails. MDOT and the Maine Department of Conservation have worked with municipalities and trail user groups to purchase more than 110 miles of abandoned rail line. The Montreal, Maine & Atlantic RR line from Houlton to Phair Junction is presently leased by MDOC and several groups are working to purchase the system through the Land for Maine's Future program.

Caribou and Presque Isle maintain bicycle and pedestrian trails in their downtown areas. Caribou's Collins Pond project and Presque Isle's downtown trail system were funded partially by MDOT. Presently, the Town of Houlton is constructing a pedestrian and bicycle trail along the Meduxnekeag River. Future plans include connections to the school grounds and park areas.

Identification and Description of Planning and Economic Development Activities of Local, State, Federal, and Private Agencies

Business Attraction and Business Retention

In early 2004, the Aroostook Partnership for Progress (APP) was initiated. Maine Public Service, the region's electrical supplier, approached the Northern Maine Development Commission (NMDC) about forming a public private partnership to spearhead economic growth in the area. The goal is to raise \$3 million, half from private company investment and the same amount from public sector sources, to provide the financial resources for targeted outreach and business retention programs. APP looks to attract 1,500 new jobs and \$50 million in new investment by 2012. The Partnership will provide the primary business attraction/business

retention functions for the region and will do so with the active support of NMDC staff. Successful APP activities are indicated above in the “Start-ups and Expansions” section.

Maine Manufacturing Extension Partnership

The Maine Manufacturing Extension Partnership (MEMEP) works directly with area manufacturers to provide expertise and services tailored to their most critical needs, which range from process improvements and workforce development to business practices and applications to information technology. Solutions are offered through a combination of direct assistance from NMDC/MEMEP staff and assistance from outside consultants. NMDC/MEMEP plays a pivotal role in helping small firms overcome barriers in locating and obtaining private-sector resources as well as providing access to a wealth of tools, techniques and other resources through over 3,200 public and private affiliations.

One of the most critical needs today is enabling a workforce to achieve new capabilities that satisfy a company’s growth strategy. NMDC/MEMEP in collaboration with local, regional and national resources help companies develop their workforce through customized, targeted training programs that align employee skills training with a company’s strategic direction. Some of this assistance includes the following programs.

- Marketing and Research
- Lean Manufacturing Awareness, Training & Implementation
- Waste Reduction Programs
- Employee Recruitment & Retention

In addition, NMDC/MEMEP helps provide manufacturing firms with exposure to other manufactures in the area and the opportunity to share resources and information. Regular events, including tours of local manufacturing facilities, breakfast discussions, and demonstrations of the latest industry innovations give company owners and managers the opportunity to see state-of-the-art processes and discuss common issues with their peers.

Northern Maine Development Commission Regional Programs

Regional Planning

It is the goal of the Planning Department to preserve, protect, and enhance a lifestyle and quality of life in a way that will facilitate sustainable development for the communities and economies of northern Maine; while maximizing potentials and minimizing conflicts with land uses, natural resources, and the environment. This includes the desire for healthy, active communities whose residents respect the need for sound and sensible land use, quality jobs, sustainable economic growth, safe efficient roadways, and effective waste management options. The Department fosters the stewardship of our valuable natural resources (soil, water, and air in a manner that is respectful of the environment and the diverse natural beauty of the region. The Department works to enhance and protect the environment, vital natural resources, and sensitive areas for their scenic, recreational and tourism value and as a sustainable habitat for fish, waterfowl, and wildlife.

To accomplish this goal the department provides extensive planning services, technical assistance, data and information, reports, model wording for regulations, and education, and training on planning related issues and topics.

Regional Policies

In 2004, the Planning Department updated its 1991 Regional Policies and Planning Goals document. This document has been created to encourage communities to consider the effects and impacts of local policies and actions within and upon the broader context of the larger regional environment. We strongly encourage communities to follow through on the regional and inter-local commitments expressed in their plans.

Land Use Planning

NMDC's Planning Department provides on-going technical assistance to communities on a wide range of land use planning topics and issues. Since 1990, 48 communities have been offered comprehensive planning grants, an average of less than three per year. The resultant plans ranged from straightforward discussion and analysis of local conditions to fairly sophisticated planning documents that examine and address issues beyond the town's minimum substantive and geographic interest. Of the 48 communities, six have had their planning programs certified by the state, one of the highest numbers of any regional planning council in Maine.

The Department also assists communities by providing technical assistance with state mandated land use regulation and with locally adopted land use regulation/ordinance development, amendments, training, interpretation, and compliance. These include regulations/ordinances for: zoning, subdivision, site design review, shoreland zoning, building codes, confined animal feeding operations (CAFOs), nutrient management, telecommunication facilities, floodplain, and various other land use standards. Unfortunately, there are currently no state or federal grant programs available to complete land use ordinances.

Community Development

NMDC's Planning Department also provides on-going technical assistance to communities on a wide range of community development topics and issues. The department is working with communities to complete Community Development Block Grant applications, housing assessments, housing replacement plans, public facility and infrastructure programs, and well and septic system replacement.

Transportation

As a result of a Regional Needs Assessment completed in 2006 which incorporated regional transportation, land use, and economic needs into a concise document, a region Rural Planning Organization (RPO) was formed and designated as a standing committee of the Northern Maine Empowerment Council. This committee may be made up of public officials, health care, social service, transportation, natural resource, and business and industry leaders. Members from the past Regional Transportation Advisory Committee (RTAC) are part of the new RPO structure.

Transportation planning in northern Maine consists of identifying solutions toward improving the region's overall transportation system. The Planning Department realizes that all of the systems are intricately linked and function as a unit in moving passengers and freight into and out of the region. In the past, projects were pieced together with very little thought given to long-range or corridor planning. Today, projects are part of a Six-Year Transportation Plan where the Planning Department, MDOT, and the RPO look at regional economic development potentials and prioritize projects based on need and regional importance.

Solid Waste Management

NMDC receives funding from the United States Department of Agriculture Rural Development (USDA- RD) Solid Waste Management Grants Program designed to reduce or eliminate pollution of water resources in rural areas and improve planning and management of solid waste facilities and sites located in rural areas. Funding provided will be used to foster a broader understanding among community members, solid waste professionals, students, and interested citizens on waste management programs, waste reduction and recycling strategies, the latest recycling technologies, and pending state and federal regulations or laws relating to waste management. NMDC will continue to undertake projects that educate and find solutions for solid waste issues in northern Maine.

Household Hazardous Waste Education

Household hazardous wastes (HHW) are items generated by households that are corrosive, toxic, ignitable, or reactive, and as such are hazardous to humans and the environment if disposed of improperly. HHWs are disposed of along with households' municipal solid wastes. Therefore, NMDC proposes to work with the Northern Maine Solid Waste Management Committee (NMSWMC) in developing and presenting an on-going educational campaign that will address the dangers of household hazards wastes and how to properly handle and recycle them.

Geographic Information Systems

Various forms and types of data for all seventy-one communities and 127 unorganized townships in NMDC's Service Area has been generated as a result of various contracts such as the Maine Department of Transportation work on the Aroostook County Transportation Study and through comprehensive planning efforts.

The Planning Department is using GIS in the development of mapping for comprehensive plans for the towns of Orient, Merrill/Smyrna, Mapleton/Castle Hill/Chapman, Oakfield, and Stacyville. NMDC has recognized the need to generate local data and has added a Global Positioning Systems (GPS) data collector which provides the ability to record spatial features in the field, combine them with related data and then bring this data directly to our GIS application.

Activities in the past few years have included direct work with communities on mapping projects, as well as completing a GIS project that maps all of the snowmobile and ATV trails in the region.

Business Finance

Loan Funds

Below are statistics for the projects completed historically and for last year. Our current portfolio is at \$9.2 million and 125 loans outstanding. We currently have unfunded commitments of \$640,000 that represent 10 different projects. Our customers have been very successful this year and 23 were able to pay off their loans to NMDC resulting in \$1.8 million available to lend. We had no charge offs this past year and have a very low delinquency rate as to the number of loans.

Administered Funds

We currently administer five loan funds for other communities and three for a private not-for-profit organization, Northern Maine Finance Corporation (NMFC). This past year

we assisted these towns and NMFC in loaning \$58,000, leveraging \$2.1 million in private funding and creating/retaining 153 jobs. The total administered funds are at \$2.5 million with 45 loans outstanding.

Packaging

Of significant interest is the project assistance and packaging we have provided this past year. The department assisted with one major project for NMFC totaling \$775,000 and has created/retained 160 jobs with the potential of creating even more jobs when the facility is running at full capacity. Business Finance staff has worked on five SBA-504 loan packages this year. Two of the SBA-504 loan packages were approved totaling \$374,000 in SBA funds and leveraging \$1,094,000 in private funds.

Northern Maine Finance Corporation

This is a separate non-profit corporation affiliated with NMDC that serves to enable business development by purchasing buildings and/or properties that have been vacated due to business closure. The goal is to create viable facilities for future business use by leveraging public and private financing in a way that will provide attractive purchase or lease conditions for new business clients.

Aroostook Investment Exchange: The Aroostook Investment Exchange (AIX) is an enterprise created by Northern Maine Finance Corporation and supported by Northern Maine Development Commission and the Aroostook Partnership for Progress as part of the strategic plan for the region. AIX will provide opportunities for entrepreneurs who are seeking risk capital to make brief presentations to audiences of potential investors. Further contacts between the entrepreneur and an investor will be coordinated between the two parties. AIX role will be as facilitator to bring risk capital and business ventures together.

Small Business Development Center

Northern Maine Development Commission's Small Business Development Center provides comprehensive business assistance and information services to the small business community of Northern Maine through its main office located in Caribou and starlight office locations in Houlton and Fort Kent. The focus of Small Business Development Center services is to strengthen Maine's economy by helping small businesses grow and develop.

One-on-one counseling assistance is provided at no cost to potential and existing business owners and managers in the following areas; Business start-up and acquisition, sources of credit and financing, marketing and sales, market research, government procurement, recordkeeping, cash flow analysis operations and personnel management business liquidation/sale, business technical issues and other business related areas. The SBDC also offers training seminars and conferences on business-related topics at key locations throughout Northern Maine, minimal fees may be charged. Programs are geared to local and regional needs as well as fundamental business issues.

NMDC's SBDC staff assists more than three hundred small businesses annually.

Tourism

Tourism in Northern Maine has continued to expand over the past five years; however, one of the fundamental planning challenges continues to be the lack of tourism data down to the regional level. The last good regional information remains to be the Longwoods International

tourism study conducted in 2003, which indicated growing trends for family/friend and marketable pleasure trips to the area. As a response to this reality, NMDC commissioned a regional Five-Year Tourism Strategic Plan in 2004 that is still being used to direct tourism activities. In a more focused way, another feasibility study was performed that looked at destination resort development possibilities. This initiative is part of the ongoing activities of the Aroostook Partnership for Progress as part of their business recruitment program.

Annual funding from the Maine Office of Tourism (MOT) provides for almost all of the regional tourism activities undertaken by Aroostook County Tourism (ACT), an affiliation of tourism-related businesses that serves to guide regional tourism. Funding levels are quite modest, with the average amount being in the \$70,000 range. Each year this group reviews possible uses for these funds that are then approved by the MOT.

Typical yearly activities include attendance at snowmobile and outdoor trade shows, print and media advertising, website maintenance and upgrades and smaller regional initiatives. Snowmobile and outdoor recreation activities still provide the main opportunities for the growth of visitor traffic and ACT will continue to focus on these areas.

The next five years holds great promise for tourism in Northern Maine. With the increasing popularity of outdoor vacations, Aroostook County is well positioned for growth. The groundwork is being laid for promoting Northern Maine as a four-season vacation destination by analyzing and developing the region's tourism infrastructure. A master database of what is available in tourism-related industry is being created that will help to evaluate the region's strengths and challenges.

Efforts will be made to duplicate the snowmobile marketing efforts and to establish other outdoor activities as "vacation draws" in areas such as All Terrain Vehicle trails. Information from local ATV dealers indicates strong demand for these vehicles with sales outnumbering snowmobile sales by a margin of four to one. The same attributes that draw people to the region in the winter for snowmobiling, the beautiful scenery, condition of the trails, low traffic patterns, and the friendliness of the locals, can create the same draw for ATV riders. Marketing efforts will also increase in other outdoor activities such as biking, hiking, canoeing, golfing, skiing, camping, fishing and hunting. In addition, opportunities in heritage tourism will be developed and marketed. One of the phenomenal successes in recent years has been the development of two world-class Nordic skiing venues – one in Presque Isle and one in Fort Kent. To date, a number of major national and international events have been held at these two venues, including the 2004 Biathlon World Cup in Fort Kent. As a result, Aroostook County has been put on the international map for both Nordic skiing and Biathlon.

Regional Assets/Challenges

The following outline is a result of the strategic planning process performed during the EZ designation process. These came from a significant number of meetings and surveys and, though dated, continue to be relevant.

Benefits of living and doing business in northern Maine

Lifestyle/quality of life factors

- low crime rate
- clean environment

- low population density
- low cost of living
- quality education

Labor force/work ethic

- strong work ethic
- number & availability
- trainability
- low absenteeism
- bilingual

Business opportunities

- Proximity to Canadian/European markets
- Nearly 25 percent of the population is bilingual, and the region possesses a close cultural link with Canada.
- abundant supply of natural resources/wood and agricultural products
- outdoor recreational activities
- low cost of real estate

Barriers to economic and community development

- Some of the items considered as benefits were also noted as barriers. For example, the rural nature of the region equaled quality of life to some, while it represented limited entertainment and cultural opportunities for others.
- Work force training and median age
- Out-migration of young working-age people

Geographic isolation

- “distance to market.”
- difficult to recruit white-collar professionals
- upgrade the transportation systems to improve competitiveness of business.

Quality of life

- perceived “cold climate” in northern Maine
- poor quality or lack of short-term housing
- rural nature of region
- limited retail, cultural, and entertainment opportunities
- Maine’s environmental and economic climate
- workers compensation and high taxes
- cost of electrical power and availability of alternative energy
- stringency of environmental regulations

Transportation

- completion of Interstate 95 through Aroostook County

Negative perceptions

- “pockets” of pessimism and negativity exist throughout northern Maine
- competitive nature of individual communities and businesses (sometimes unwilling to cooperate)

- disillusionment of young people (outmigration to find jobs)

Aging population

- Age group 65+ is expected to more than double in the next 25 years.

Suggested priorities identified were:

- First, focus business development efforts on the natural resource industries, value-added industries, some types of telecommunications and back office operations.
- Second, expanded health and social services for all age groups, and especially older citizens, who provide a large pool of available volunteers and community leadership.
- Third, seek and encourage innovative education and training for the youth and workers.
- Fourth, taking advantage of four season recreational opportunities, community festivals, and beautiful landscape to develop tourism, while at the same time creating a need to preserve natural resources.

Section III – Goals and Strategies

In 2002, the Northern Maine Empowerment Council (NMEC) revised the goals and strategies for the Strategic Plan into an effective and efficient format. The NMEC decided that resources should be focused on four major goals that hold the greatest potential for economic and community development in Northern Maine. The strategies under each of these goals provide guidelines to meet the objectives. Community development is part of this since upgraded neighborhoods, new and improved housing, social services, and education complete the holistic picture necessary to acquire and sustain economic development. The four goals are:

GOAL I

Support business success by creating an environment that supports the success of existing businesses as well as new businesses.

- Strategy 1 – Upgrade the condition and capacity of the region’s public infrastructure to support business success, such as transportation systems, telecommunication systems, and public facilities and services.
- Strategy 2 – Minimize barriers and support employers and employees through educational programs, financial assistance, and legislative efforts.
- Strategy 3 – Continue to build on and integrate existing regional marketing programs for business and tourism development through efforts such as targeting industries best suited for Aroostook’s natural and human resources, developing tourism-related infrastructure, and capitalizing on the proximity with Canada.
- Strategy 4 – Expand natural resource-based businesses through the continued development of forest products industries, agriculture, and aquaculture.

The Aroostook Partnership for Progress (APP) is a partnership between the private business community and NMDC that has taken the responsibility for business attraction and business expansion in the region. This collaboration, which was an outgrowth of the EZ designation in 2002, is now recognized as a model for public/private business relationships in the state.

Efforts currently focus on industry sectors that make the best use of the region's natural, human, and financial resources. These include, but are not limited to, value-added wood products, specialty agriculture, precision metals manufacturing, telecommunication-based industries, and tourism infrastructure. Forestry and agriculture products tap into the area's vast natural resources and skilled resident labor force, while the growing industry of metals manufacturing helps diversify the area's economy. Information technology utilizes the state's information technology infrastructure and mitigates the potential issue of geographic distance from metro areas. Tourism infrastructure, including the concept of destination resort development, promotes another side of the natural resource based economy that is the strength of the region. NMDC has been leading the way in building on the area's strengths and address its weakness in regard to business development. It will continue to act as the single point of contact that coordinates the continued economic development efforts carried on by APP.

GOAL II Develop a well-educated and well-trained work force through educational and training opportunities.

Strategy 1 – Expand and improve pre-K through high school education.

Strategy 2 – Expand and improve post-secondary, training, and retraining opportunities.

Strategy 3 – Make more efficient use of educational resources.

Strategy 4 – Create and build on partnerships between business and education.

There already are examples of how these collaborative efforts are working in Aroostook County. For instance, business and industry leaders work with area technical schools to guide curriculum development to meet workforce needs. While there is some success, the education community faces many challenges. Educators battle with a lack of teachers in several disciplines, as well as a lack of funding to meet changing educational demands. Businesses too often find it difficult to find employees that have the breadth of skills they require. In some cases that means a lack of technical skills and in other cases it means a lack of liberal arts skills such as written and verbal communication skills. Increased collaborative efforts between businesses and educators will help bridge this gap so that they better understand each other's needs and can work together to increase the educational and work opportunities in northern Maine.

NMDC maintains ongoing involvement with the Local Workforce Investment Board and their policies and strategies. In 2006, NMDC partnered with Aroostook County Government, the umbrella entity for the LWIB, to obtain funding for a local workforce study and report on regional employment issues.

GOAL III Improve health and social services by providing comprehensive programs for the enrichment of all residents.

Strategy 1 – Create a healthier community.

Strategy 2 – Provide quality health care and social services through all stages of life.

Strategy 3 – Enhance family support.

Strategy 4 – Provide affordable, quality housing for residents.

Strategy 5 – Upgrade community services.

In order to attract and retain workers and businesses to the region, it is vitally important that there be effective access to critical services including health and community resources. Volunteers fill the gap in many of the services, especially for the elderly. These include visitation, transportation, meals, and care and housekeeping. Northern Maine boasts hospitals in the north, central, and south regions, but a closer collaboration would help alleviate the technological and cost burden that HIPAA could impose. Telemedicine is a must in rural America, where waiting lists to see specialists, lack of some specialized services, and severe weather cause patients to drive long distances.

Expanded social services including after school programs, community leadership training, and family building activities enhance and retain population, while investing in the future. When families leave, wider gaps are created in the workforce that impact the community as a whole. In short, health and social services impact directly on the regions quality of life and must be addressed in a comprehensive.

GOAL IV

Steward Aroostook's natural resources and way of life by balancing development with the need to protect valuable natural resources and the rural character of its communities.

Strategy 1 – Steward Aroostook's pristine natural resources.

Strategy 2 – Maintain and improve Aroostook's quality of lifestyle.

It is recognized that there is a delicate balance between environmental and economic issues that must be maintained. One example is soil erosion which is largely tied to the fact that agricultural land, primarily, potato fields, remain "open" or unplanted much of the year. This results in rain washing the loose soil into water sources; thus impacting the quality of the drinking water, the quality of recreational use of the area's lakes, rivers, and streams, and the quality of the habitat of fish and other creatures that depend on those water bodies. The Department of Environmental Protection is working closely with the agricultural community to find answers to this issue in a way that addresses the needs of all those involved.

Aroostook's people are also an important resource that, unfortunately, is dwindling because of out-migration. As discussed earlier, many people leave northern Maine in search of better jobs. They also leave, however, because of a lack of "community." The towns in Aroostook grew around the agriculture and logging industries spread out across the land with minimal development of the downtown areas. Programs such as the Acadian Archives in the St. John Valley must continue to maintain the area's cultural heritage, while additional efforts need to be made to build a sense of community through means such as revitalized downtown areas and social outlets for all ages.

Section IV - Implementation Plan

After continued involvement in the CEDS, and Strategic Plan planning process, it was determined by the NMEC that not only was a long-term plan necessary, but strategies to arrive at those goals should be laid out. Every project or task submitted to the NMEC must address at least one goal and accompanying strategy to be considered for inclusion. In addition, it was determined that a smaller group with a more regional focus would provide hands-on input into the planning process. The NMEC decided that approximately 10 projects would be targeted each year as priority tasks, ranked in order of priority starting at one for the top project. Criteria for ranking included a repeat of the initial scoring criteria, but with an emphasis on job creation and retention (see Priorities for Selection section below). Recognizing the need for efficient planning and for a means to deal with emergencies that might arise, the NMEC approved the following procedures.

NMEC Procedure for Setting and Amending EDA Priorities

Priority Setting

The NMEC Chair will appoint a committee of approximately five members to meet as needed to review and prioritize EDA projects. The projects will be prioritized based on factors such as relevance to strategic goals, audience served, and feasibility. The committee will then make priority recommendations to the full Council for discussion and approval.

Priority Amendments

If and when emergencies arise where an EDA project needs to be added and/or moved on the priority list, NMDC staff members will work with the NMEC Chair and poll all of the members of the Council in regard to the proposed action. The poll may be taken by telephone, in person, in writing (including email). The person taking the poll shall record each Council member's vote in writing. Any action taken by a majority of the Council shall be deemed the action of the Council, provided that no Council member expresses objection to informal action being taken without a meeting at the time of the poll. If there is an objection, a special meeting will be called.

Procedures for Selection of Projects and Programs

In 2007, the NMEC completed the final review of a new "project evaluation criteria" that reflects the regional goals and strategies, but attempts to objectively evaluate and rank projects as to their impact on regional economic progress. The project information sheet that must be completed for each project and the evaluation criteria is outlined at the end of this section.

Approach Used in Analyzing Changes in the Economy

The NMEC has regular briefings from respective experts of economic sectors in the region; as well as updates on economic initiatives that have regional impact – such as wind energy. Members of the NMEC, as part of their participation, regularly inform their fellow council members on changes in their sector that may have an influence on the region's economy.

NMEC CEDS Project Scoring		
Projects can be awarded a maximum of 10 points for some evaluation statements and 20 points for other evaluation statements for a total possible overall maximum score of 90 points. The scorer will award points by the project's relevance to the evaluation statements and circle the number of awarded points. Threshold for NMEC endorsement is 30 points.		
Project Title/Organization:		
1. Regional Goals and Strategies		
Degree to which project addresses Regional Goals and Strategies		
1 Goal	3 points	
2 Goals	5 points	
3 Goals	7 points	
4 Goals	10 points	
Regional Goals/Strategies Points assigned		
2. Impact of Project		
New business, organization or service created?		
Yes	20 points	
No	0 points	
Impact of Project Points		
People directly affected/served by this project		
Less than 50	3 points	
51 to 200	5 points	
201 to 500	7 points	
more than 500	10 points	
People affected/served Points		
Number of town/cities affected/involved		
Less than 2	3 points	
3 to 5	5 points	
5 to 10	7 points	
more than 10	10 points	
Towns/Cities affected/involved Points		
3. Regional Employment and Wages		
Number of jobs created by the project		
None	0 points	
Less than 5 jobs	3 points	
5 to 15 jobs	5 points	
16 to 25 jobs	7 points	
26 or more jobs	10 points	
Jobs Created Points assigned		0
Number of jobs retained by the project		
None	0 points	
Less than 5 jobs	3 points	

5 to 15 jobs	5 points	
16 to 25 jobs	7 points	
26 or more jobs	10 points	
Jobs Retained Points assigned		0
4. Funding		
Percentage of Total Project Cost funded from Federal Source		
Less than 20%	20 points	
20% but less than 50%	15 points	
50% but less than 75%	10 points	
75% or more	0 points	
Leveraged funds Points		
Total Project Score		0

Northern Maine CEDS Priority List

June 2007

Public Works Program

<u>CEDS Priority Project Scoring Results</u>				
<u>Lead Agency/Entity</u>	<u>Location</u>	<u>Project Description</u>	<u>Total Cost</u>	<u>Jobs Created</u>
<u>Louisiana-Pacific Corporation</u>	<u>New Limerick</u>	<u>Create new processing line for oriented strand lumber (OSL)</u>	<u>\$105,680,000</u>	<u>30</u>
<u>Northern Maine Community College</u>	<u>Presque Isle</u>	<u>Allied Health Training Program</u>	<u>\$4,671,776</u>	<u>8</u>
<u>Northern Maine Medical Center</u>	<u>Fort Kent</u>	<u>ICU upgrades</u>	<u>\$750,000</u>	<u>0</u>
<u>Loring Development Authority</u>	<u>Limestone</u>	<u>Water Treatment Plant upgrade</u>	<u>\$1,500,000</u>	<u>0</u>
<u>Loring Bioenergy, LLC</u>	<u>Limestone</u>	<u>Redevelop existing facilities for electric cogeneration</u>	<u>\$60,000,000</u>	<u>50</u>
<u>Loring Development Authority</u>	<u>Limestone</u>	<u>Repair of fish passage at Madawaska Dam</u>	<u>\$50,000</u>	<u>0</u>

Section V - Program Evaluation

In the 2002 Five-Year Update of the CEDS, the approach used to evaluate program implementation will be continued with the updating of each project's progress on the national Empowerment Zone benchmarking system established and maintained by USDA. Programs and projects can be tracked by the type of measuring factor indicated for specific project components and, through this system, are able to be compared to baseline data. The projects currently proposed are charted under their respective benchmark (objective) and will become their own benchmark as the project is implemented. The benchmarked project will follow the same format as it does in the printed Work Plan. EDA will be supplied with the web site password upon request in order to continually enter and view project progress.