

2. ECONOMY

INTRODUCTION

An understanding of the economy is essential to comprehensive planning. Providing stable, well-paying jobs is necessary in retaining people of working age. It is important to identify economic trends to use in formulating economic development strategies.

State Goal: Promote an economic climate that increases job opportunities and overall economic well-being.

OVERVIEW / MILL CLOSURE EFFECTS

Since opening in 1930, the paper mill was the largest employer and biggest taxpayer in Bucksport. Over the years, it grew to become a major employer and a powerful economic engine for the region and State. The permanent shut down of paper production by Verso in 2014 was a major blow to the families of its former workers and to the town's tax base. As with Population, the statistics in this chapter pre-date, and do not anticipate this momentous disruption. The lack of a paper mill in town may have both positive and negative consequences in the coming years. It remains to be seen what new industries, commercial endeavors and residential developments will emerge to fill the large void created by the mill's demise. The power plant at the mill site is projected to continue as the paper operations buildings are razed around it. Its owner, Bucksport Generation, LLC remains a major taxpayer, but not near the former levels of the paper mill. The town has been working hard in recent decades to diversify its economy. It now has a full-time Community and Economic Development Director to implement its development strategy. It has also begun expansion of its industrial park and continues revitalization of its downtown and waterfront areas.



HIGHLIGHTS

- ★ 575 mill jobs were lost, 25 percent of which were held by Bucksport residents.
- ★ This loss is estimated by the Maine Department of Labor to have a 2.6 percent multiplier effect as it ripples through the area economy.
- ★ The average mill worker's age was 55-56, and 180 of them were 60 or older. Some have decided to retire instead of retraining for return to the work force.
- ★ As of mid-April 2015, 120 former mill workers were back in the labor force.
- ★ Bucksport has done major work to revitalize its downtown and implement its downtown revitalization plan.
- ★ The Town is adding 8 new lots with utilities in the Heritage Industrial Park.
- ★ Many other town improvements should help boost local economic development.
- ★ The town needs to assess what else it can do to attract new business to the Bucksport area and also explore job training programs.

ANALYSES

The major change in the economy is job loss at the former Verso Paper Mill. As of 2013, the mill had 600 employees. This compares to 1,050 in 2001. According to the 2003 comprehensive plan, only about 20 percent of the mill employees lived in Bucksport. In July 2008 the mill reported a total of 748 employees, of which 207 (about 28 percent) were from Bucksport. Verso records for 2013 indicate that 146 of its employees (about 24 percent) live in Bucksport. Given the estimated 2,450 people in the Bucksport labor force, the mill accounts for 6 percent of the jobs (146 divided into 2,450) held by residents. Employment data for Bucksport residents (whether they work in town or elsewhere) are shown in the following tables.

Is the economy experiencing significant change?



Total employment in Bucksport increased by 8 percent between 2000 and 2010 (see Table II.1). This is a faster rate of growth than that of the overall year-round population (0.3 percent). The largest numeric increase (185 persons or 58 percent) was in retail trade. Educational, health, and social services had the second largest increase (171 persons or 32 percent). The largest decrease was in manufacturing (68 jobs or 16 percent). The 2010 data are based on a sample and have a margin of error.

Educational and related services accounted for the largest numeric increase county-wide (see Table II.2). They comprised the greatest percentage of jobs in both the county (26 percent) and the town (28 percent) in 2010. Professional services accounted for the second largest numeric increase in the county. The largest decrease (192 jobs) county-wide was in manufacturing. Town officials estimate that as of December 2013, there were 74 jobs in the two business parks. Seven of these jobs were in the manufacturing sector. The town has also attracted a research and development firm to one of the parks. Its focus is low emission fuels. These new firms are indicative of the gradual economic diversification taking place in Bucksport.

While there are no employment projections for Bucksport, the Maine Department of Labor prepared statewide estimates for the 2010 – 2020 period. These show that the sectors creating the most new jobs are: health care services; social assistance: food services and drinking places; administrative and support services; and professional, scientific and technical services. The sectors losing the most jobs are: paper manufacturing; computer and electronic manufacturing; wood product manufacturing; food manufacturing; and federal government. These projections can be used in formulating future economic development strategies.

Sector	2000	2010	Change	Percent change
Agriculture, Forestry, & Fisheries	69	40	-29	-42%
Construction	179	162	-17	-9%
Manufacturing	426	358	-68	-16%
Wholesale trade	48	13	-35	-73%
Retail trade	319	504	185	58%
Transportation, warehousing and utilities	96	37	-59	-61%
Information	29	31	2	7%
Finance, Insurance & Real Estate	180	101	-79	-44%
Professional, scientific, management, administrative & waste mgmt. services	89	111	22	25%
Educational, health and social services	532	703	171	32%
Arts, entertainment, recreation, accommodation and food services	161	151	-10	-6%
Other services (except public admin.)	96	139	43	45%
Public Administration	58	122	64	110%
Total	2,282	2,472	190	8%

SOURCE: U.S. Census (2000) American Community Survey (2010)

Sector	2000	2010	Change	Percent change
Agriculture, Forestry, & Fisheries	1,315	1,342	27	2%
Construction	2,524	2,999	475	19%
Manufacturing	2,369	2,177	-192	-8%
Wholesale trade	575	414	-161	-28%
Retail trade	3,057	3,430	373	12%
Transportation, warehousing and utilities	883	919	36	4%
Information	644	627	-17	-3%
Finance, Insurance & Real Estate	1,191	1,385	194	16%
Professional, scientific, management, administrative and waste mgmt. services	2,005	2,781	776	39%
Educational, health and social services	5,544	7,325	1,781	32%
Arts, entertainment, recreation, accommodation and food services	2,252	2,388	136	6%
Other services (except public admin.)	1,672	1,413	-259	-15%
Public Administration	1,003	795	-208	-21%
Total	25,034	27,995	2,961	12%

SOURCE: U.S. Census (2000) American Community Survey (2010)

Self-employment rates in Bucksport are about half the county average. The rate increased from 8.4 percent in 2000 and to 8.6 percent in 2010. The county self-employment rate increased from 15.9 percent to 16.4 percent.

Table 2.3 shows commuting patterns for Bucksport residents per American Community Survey (ACS) data. These data indicate that about 35.5 percent of the Bucksport residents who are in the labor force work in town. The next most frequent destinations are Waldo and Penobscot counties (16.8 percent and 15.4 percent respectively).

Destination	Number	Percent
Bucksport	907	35.5%
Penobscot County	394	15.4%
Waldo County	429	16.8%
Orland	290	11.3
Verona Island	95	3.7%
Castine	75	2.9%
Ellsworth	68	2.6%
Penobscot town	61	2.3%
Other destinations	231	9.1%
Total	2,550	100%
SOURCE: 2010 American Community Survey Estimates		

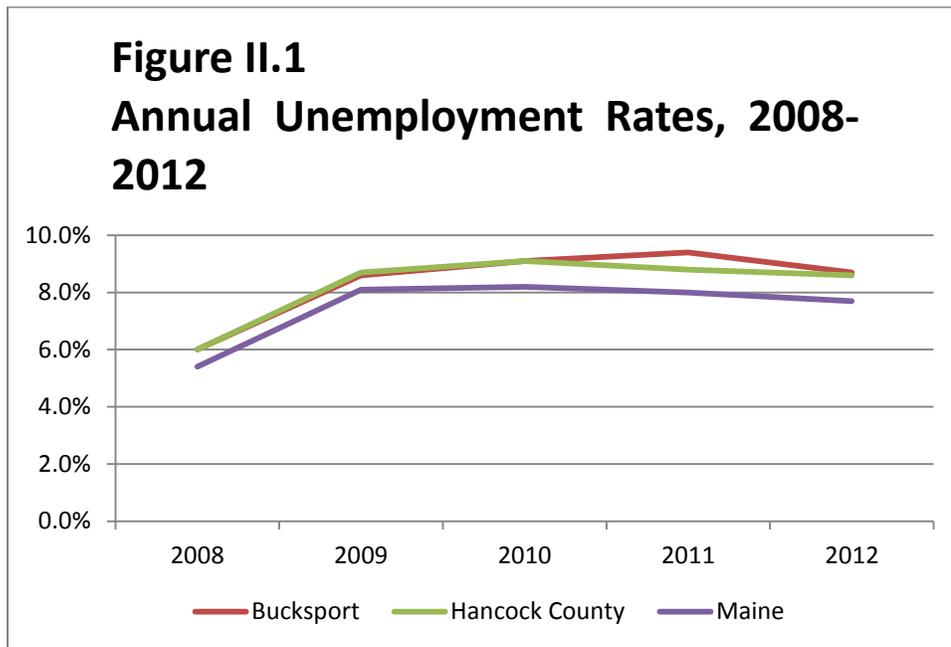
The ACS data in Table 2.4 show commuting data by place of residents for jobs located in Bucksport. There is substantial commuting in both directions. The data indicate that there are 2,550 jobs in Bucksport and 2,228 people in the Bucksport labor force. Just over two-fifths of the jobs in town are held by Bucksport residents.

Some additional commuting data were generated by a 2006 survey by the Chesapeake Group. About one-half of all employers responded that the largest proportion of their employees were Bucksport residents. The survey established a relationship between the type of business and location of employees. In general retail and related services had a greater tendency to employ Bucksport residents. Larger employers, contracting, and manufacturing had greater proportions living outside of Bucksport.

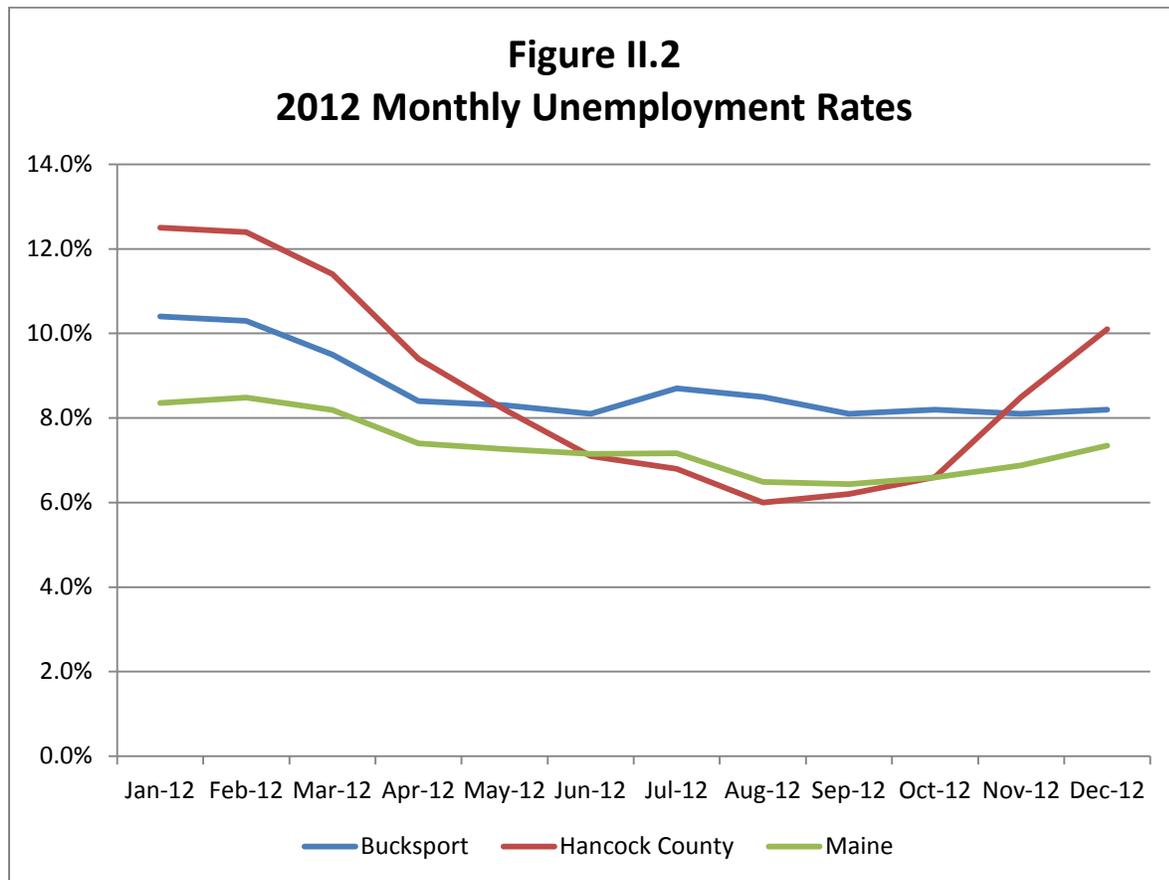
About 87 percent of residents drove to work alone in 2010 compared to 84 percent in 2000. About 11 percent in 2010 used carpools compared to 9.5 percent in 2000. There was a decrease in the percentage who worked at home. In 2000 just over 2 percent worked at home compared to 0.7 percent in 2010.

Place of Residence	Number	Percent
Bucksport	907	40.7%
Penobscot County	624	28%
Waldo County	59	2.6%
Orland	103	4.6%
Verona Island	10	0.4%
Castine	75	3.6%
Ellsworth	140	6.2%
Penobscot town	31	1.3%
From other locations	279	12.5%
Total Working in Bucksport	2,228	100% (rounded)
SOURCE: 2010 American Community Survey Estimates		

Annual average employment trends are shown in Figure II. 1. There are only minor differences between the town and the county unemployment rates. The monthly data for 2012 (Figure II.2) show the town’s unemployment is higher during the tourist season than the county. Bucksport is less affected by seasonal swings.



SOURCE: Maine Department of Labor



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While the town’s economy is less dependent on the mill for direct sources of jobs than was once the case, it is still important to the town’s economy. Commuters and those companies that service the mill patronize area businesses. The mill also is important to the tax base (see *Fiscal Analysis chapter*). The town’s economic development strategy reflects the need for further diversification.

The town has a full-time economic development director. It has been active in recruiting businesses to its business parks and diversifying its economy through a comprehensive marketing plan and an economic development strategy prepared in 2008. This strategy identified sectors with potential for growth such as marine resource-related research and development. The regional Comprehensive Economic Development Strategy, updated annually under the leadership of the Eastern Maine Development Corporation, includes projects in Bucksport that are eligible for federal Economic Development Administration funding. The town is also represented at trade shows and national economic development events.

Does Bucksport have defined priorities for economic development? Are these priorities reflected in regional economic development plans?

Bucksport has done major work to revitalize its downtown and implement its downtown revitalization plan. This has involved installing new sidewalks, parking, overhead wiring, planters, benches, and lighting as well as the removal of derelict structures. Improvements in the downtown have complemented those in the waterfront area (see the Marine Resources chapter). While local observers note a decrease in the vacancy rate, there are still some vacant buildings in poor repair. Some buildings have been converted to multi-family uses without adequate provision of off-street parking.

What are conditions in the downtown?

The economic development committee estimates that about 75 percent of business in the downtown are professional offices. There is not the critical mass of retail operations needed to draw shoppers to the downtown. According to a 2007 survey of residents by the Chesapeake Group, about 29 percent of the population obtained 50 percent or more of their shopping and services needs in Bucksport. Purchases were largely for “convenience goods” or to obtain financial services.

As mentioned above, there is less seasonal fluctuation in employment in Bucksport than there is county-wide. However, the improvements to the waterfront and the downtown are attractions to tourists. The seasonal fluctuations in traffic (see the Transportation chapter) mean that there are opportunities for tourism.

Is tourism an important part of the local economy? If so, what steps has the community taken to support this industry?

The Census and other data sources show that there are relatively few home occupations (less than one percent of the workforce works at home according to data cited in this chapter). They are, however, an allowed use in most zoning districts and are an important source of income for some individuals.

Do/should home occupations play a role in the community?

Bucksport has two business parks. The land use ordinance specifies standards for commercial and industrial development. Performance standards require that applicants demonstrate that their proposed use will not have an adverse impact on natural resources. There is specific language that states: “the scale and site features of land development in any local area or neighborhood are consistent with existing or planned development patterns.” Any commercial or non-commercial principal structure located on land with frontage on Main Street or Route 1 must meet design standards.

The Commercial 3 zone, which serves the Buckstown Business Park, needs to be expanded to accommodate anticipated job creation opportunities. The entire land development review process may need to be evaluated to assure it allows prompt approval of business applications while avoiding any adverse impacts on adjoining properties and the town at large.

Are there appropriate areas within the community for industrial or commercial development? If so, are performance standards necessary to assure that industrial and commercial development is compatible with the surrounding land uses and landscape?

This issue is also addressed in the Public Facilities and Services chapter. The focus here is how public facilities affect economic development. The major impediment is wastewater treatment capacity. Presently, Bucksport only offers primary treatment. This requires careful evaluation of the impact of projects on the treatment facility. This will be alleviated with the introduction of secondary treatment.

Are public facilities, including sewer, water, broadband access or three-phase power, needed to support the projected location, type, and amount of economic activity

Broadband access is available almost anywhere in Bucksport. Three-Phase power is available in those areas identified for industrial and commercial uses. The industrial park would greatly benefit from the introduction of natural gas.

The volume of water at the industrial park is adequate but the pressure often times not sufficient for fire suppression systems and booster pumps are required for many individual buildings. A larger (and more expensive) pump at the park entrance would eliminate the need for these costly expenditures individually. As the park grows, this may be a bigger issue.

As of 2014, Bucksport had four TIF Districts. Two on Verso Paper Company property, one in the Route 1 Commercial area and in the Main Street Commercial area. The two TIFs on the mill site were dissolved in 2015. Municipal land in the Buckstown Heritage Park is given to qualified businesses free of charge in exchange for the development of a business.

If there are local or regional economic development incentives such as TIF districting, do they encourage development in growth areas?

Bucksport is the single largest financial supporter of the Chamber of Commerce and also contributes to a diversity of cultural and recreational activities. These are discussed in the Recreation chapter. It has a regular series of cultural festivals that attract people to the area. Many of these capitalize on the waterfront, a performing arts center, and an historic film archive.

How can/does the community use its unique assets such as recreational opportunities, historic architecture, civic events, etc. for economic growth?