Working Draft: Long-Term Strategic Economic Development Plan

Greater Lamoille County Region

Full Plan Copy

Funded By:
The Vermont Department of Economic Development
The Vermont Community Development Block Grant Program

Prepared for:
Lamoille Economic Development Corporation
Lamoille County Planning Commission
Town of Johnson, Vermont

March 2004
## Working Draft

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I. Introduction

The effort to develop regional strategic economic development plans in Vermont began back in 1995 when the Commissioner of the Vermont Economic Development initiated a process to reconfigure the Department’s own approach to economic development. The State’s strategic plan was subsequently revised by the Spring of 1997 and that strategic plan re-write gave rise to the passage economic development incentives of the Vermont Economic Progress Council (VEPC) in 1998, following the passage of Act 60 the previous year.

Undertaking this regional strategic planning effort begins the next logical step in strategic economic development planning in Vermont. This planning effort represents the opportunity to have input from the strategic approaches to economic development adopted by the regions themselves percolate up to the State’s plan. Instead of being exclusively top down, these plans will represent an important bottom-up influence on the State’s overall strategic economic development plan.

The specific purpose of this strategic planning effort for Lamoille County was to determine where the region wants to go and how it believes it can best get there. It is hoped that this effort will lay the groundwork for specific regional initiatives and resource allocations that will lead to an effective plan for action. As it applies to this effort, it was the objective of this effort to: (1) clarify the region’s economic goals, (2) complete an objective assessment of its external economic development environment, (3) complete an objective assessment of its economic development resources, (4) identify and prioritize the relevant menu of economic development strategies, (5) implement those strategies that offer the best opportunities for success in the region, and (6) build the capacity of leaders in the region to continue on after this initial plan is developed in the continuous process of planning and acting to improve the region’s economy.

Why Does the Economy Need Economic Development?

Economic development means many things to many people. To some it means creating new job opportunities. To others, it means increasing the grand list of individual communities. To others, it means growth and the process of taking more of the world’s resources that inevitably leads to the degradation of the environment. To still others, economic development is about making the economy stronger, and making sustain-
able improvements in the lives of workers and families. With so many different views, it is not surprising that economic development is often mislabeled and misunderstood.

Careful consideration of the term economic development finds that it encompasses much more than just creating additional businesses and jobs, or adding to a municipality’s tax base. Real and more-enlightened economic development is about “building a community’s capacity for shared and sustainable improvements in the economic well-being of residents.”¹ Under this definition, it is not just access to any job. It is about access to good jobs, ones that can support an adequate standard of living for all residents of a state, region or community. It is also about continuous and sustainable improvements in the internal functioning of the economy, where its structural underpinnings are made stronger without sacrificing long-term quality of life.

Continuous improvement in the economy is important for two reasons. First, it is important because the economy must continually renew itself as individual businesses evolve, and some are lost in the natural economic selection process. New firms and new industries are needed to replace those that fail, so the “economic organism” can renew and refresh itself so that sustainable improvement in the economic well-being of the economy’s residents can in fact be achieved. The second reason that real and more-enlightened economic development is needed is because it is the financial life’s blood of our society. A healthy, vital and sustainable economy is what is required to provide the public resources for a strong social safety net, the protection of the environment, and high-quality public services, quality roads, and good schools. All of those are attributes of the superior quality of life and strong communities. All are key ingredients to a high quality of life in Lamoille County.

The “Circle of Prosperity” illustrates this interrelationship. First articulated in Vermont back in 1997 by the Vermont Business Roundtable, the “Circle of Prosperity” emphasizes the fact that economic development is a systemic effort, involving the collective and sometimes coordinated actions of many individuals, businesses, and institutions.² Without it, it will be difficult, if not impossible to have the quality of life we all strive for in the region.

Figure 1. The Circle of Prosperity

Clean Environment
Good Schools
Quality Housing
Higher Education
Access
Higher Quality of Life

Which we invest to have

Regional:
Income
Opportunities
Public Revenues

Which increase

Regional:
Income
Opportunities
Public Revenues

Which attract

Skilled Workforce
Diverse Industrial Base
High-Paying Jobs
II. Overview of Past Initiatives and Activities

Lamoille County has been the subject of a considerable amount of study over the years as the region’s economy restructures itself. Because this plan did not want to re-cover “old ground,” a review of previous studies and plans was undertaken to glean all information and data that were relevant to this effort. Organizations throughout Lamoille County have been and continue to work on various aspects of the economic development challenges of the region. These efforts are indicative of the significant level of volunteer energy and resources that have been and continue to be expended. The following is a synopsis of those past studies.

- Housing Lamoille County 2002
  (113 page report plus appendix)

Purpose of work: Make available current data that can be used by LC Communities to analyze housing issues and needs. It is the first time that all this relevant data has been combined into one document.

Relevant findings:
- The LC housing situation is marked by diversity.
- Population in the county has been growing at 17% over last decade.
- Stowe experienced largest number, Morristown was lowest.
- Largest growth in population was in the 45-64 age group.
- The labor market and the housing market are inextricably intertwined.
- There is uneven distribution of jobs as evidenced by the commute time that ranges from 22 to 38 minutes travel time.
- There is also a lack of sufficient jobs to satisfy the local labor force.
- 1-unit detached buildings dominate housing. (78%)
- Affordability is elusive in the county.
- Some towns have an overabundance of affordable housing while others have little to none.

Timeline: The report covers the 1990’s and uses the most recent census data.

- Regional Workforce Development Plan by The Lamoille Valley Workforce Investment Board (LBETA)
  (83-page report)

Purpose of the Work: “The ultimate goal of this planning effort is to enable Lamoille Valley to use its investments in workforce education and training not only to respond to the current needs of employers, but to shape the future economy of the region by attracting and growing successful enterprises.”

Relevant findings:
The report identified four sectors that can meet the goal of supporting education in training in fields that provide an acceptable standard of living.

- Construction trades: 7% of workforce. Annual wage range of $22,000 to $33,000. Present state: shortage of workers with basic and advanced skills
- Education: 10.5% of workforce. Present state: Multiple opportunity levels from custodian to principals. A shortage in several levels, severe in certain categories such as science, math, language, special education.
- Government and Human Services: 16% of workforce. Annual wages range from $22,000 to $40,000. Present State: Aging workforce that will require replacements of qualified staff.
- Healthcare: 7% of workforce. Present State: RN and LPN in short supply and wage levels increasing significantly each year.
- Information Technology: Wages of higher skilled workers is from $17 to $32 per hr. Present State: Data is scarce. Lamoille County could be an attractive location for IT businesses. Skilled workers could help attract such businesses.
- Manufacturing: 8% of workforce. Annual wage is $18,000 to $35,000. Present state: Many small businesses, many in wood based production. Shortage of workers with basic to advanced tech skills.

Timeline: Analyses conducted during 2001 and looks out about 10 years.

- **Secondary Wood Products Industry Study and Strategic Report (71-page report)**

Purpose of the Work: “The purpose of this project is to help identify and obtain the tools and information needed to strengthen Vermont’s value-added (secondary) wood products industry”

Relevant findings: (In order of priority identified)
- Brand Marketing (a branding program for the industry).
- Support Small Manufacturers (R&D, education & training efforts).
- Local promotion of Industry with Tourist Trade.
- Education & training (science & technology essential to survival).
- Collaboration of Primary & Secondary Producers necessary to change perception of the industry.
- Creation of a Northeast Wood Science & Tech Center (not necessarily in VT).
- Address the negative business climate in VT.

Timeline: Report completed in 12/2001. #1-4 should be started immediately.

- **Strategic Management Report to LEDC Board of Directors**
  
By Executive Director

Purpose of the Work: To provide Directors with an overview of economic ongoing work, as well as potential involvement opportunities in Lamoille County and LEDC’s capacity to respond.

Relevant findings: The report provides an overview of work undertaken by LEDC, a very small organization with a large mission.

LEDC VISION: Our vision is to have successful employers in all sectors of our economy that have the capacity to pay good wages with benefits to employees, yet be competitive in the marketplace.

LEDC MISSION STATEMENT: LEDC will promote and ensure business development and growth that results in quality employment opportunities for Lamoille County residents.
“Quality employment is defined as jobs that make a net positive contribution to employment in the area, and meet or exceed the prevailing compensation level, including wages and benefits for the particular employment sector. The (new) jobs should offer opportunities for advancement and professional growth consistent with the employment sector.” (Vermont Economic Progress Council)

The report identifies 5 strategic goals to fulfill its mission:

- Support and assist existing business, and encourage new enterprises
- Expand Light Industrial Space and Infrastructure (where feasible)
- Support import replacement (example: renewable energy)
- Support workforce education and training
- Provide and support economic research (example: current effort)

Timeline: Report submitted 4/02, a working document for ongoing action

- **Lamoille Valley Business-Child Care Connection: Employee Needs Assessment** (45-page report)

Purpose of the Work: The group identified above was interested in documenting the state of child-care problems in the Lamoille Valley and how it affected working parents and their employers.

Vision of report: “To provide hard, accurate data on the child and dependent care needs of the region so that a solution could be designed to meet these particular needs”

Relevant findings:

- 495 of 1406 questionnaires were returned completed a 35% return.
- Dependent care was a concern for 56% of employees who responded.
- 31% respondents missed work during the past month due to child-care problems.
- 20% respondents were late for same reason.
- 14% said that a co-workers child-care problem’s had sometimes caused problems for them.
- 39 respondents had disabled or elder relatives. About half spent 1-3 hours per week providing assistance. There was a broad range of needs among this group.

Recommendations: Based upon the data and comments, the group had five recommendations.

Timeline: Report was completed in May of 2001. Recommendations were immediate.

- **Regional Plan for the County 2002-2007 by the staff of the Lamoille County Planning Commission: Economic Development component**

Purpose of the work: To identify existing industry sectors in the county, identify issues impacting them, and suggest policies that communities can follow to address said issues.

Vision of the Report: “The implementation of the Regional Plan will facilitate sustainable development for Lamoille County. Sustainable development improves the quality and quantity of natural resources and improves the social, cultural and economic systems that are necessary for a healthy quality of life.”
Relevant findings:
(With regard to economic development)

**Policy and Implementation Section:**
Identifies nine issues involving economic development
- Infrastructure,
- Current info re: available sites for commercial & industrial use,
- Ensure that sites are attractive to development,
- Retail uses are compatible,
- Quality housing for employees,
- Home-based employment,
- Agriculture and forestry,
- Tourism related development,
- Skilled workforce.

**Implementation and Planning Section:**
Provides an economic profile of the county
- Identifies commercial activities
- Identifies industrial and manufacturing activities
- Identifies recreation and tourism activities
- Identifies economic development issues

Timeline: The report covers the period of 2002 to 2007 and is updated, as new information is available.

A second important part of this review of past work and initiatives was a review of past work and consensus relating to the desired future path or direction for Lamoille County as a whole or for key communities in the region. In this effort’s never-ending effort to avoid duplicating already completed work or simply “re-inventing the wheel,” several past studies and initiatives were reviewed with respect to past visioning work in the region. The following sets forth a recommended economic development vision for Lamoille County drawing heavily upon the multitude of past work completed in various parts of the region:

**Vision Statement:**

*Achieve a diverse economy of successful and globally competitive businesses in industries with the capacity to offer a healthy quality of life and economic opportunity to the residents of Lamoille County.*

With that vision, the next step was to translate the language of the vision into a succinct and measurable objective for new job opportunities in the region. The following table that includes a net job growth target describes that objective. The specific job growth target presented below reflects the results of the regional economic assessment study that was completed during this effort (see below). That assessment identifies structural issues in the Lamoille County regional economy over roughly the past two decades. Although the objective of economic development policy should be to improve the well being of regional residents, the first step of this process is to first stop and then hopefully reverse negative regional trends, and then re-establish a solid employment base for the regional economy. Although the goal is ambitious in the context of the region’s actual economic performance since 1979, it was determined that a goal of 35 new jobs per year was a reasonable goal for this effort—recognizing that this goal only stops the further erosion of the region’s job base. Table 1 below indicates that the region needs a total of 351 new job opportunities in key industry sectors by 2012 just to maintain
its relative share of the overall job growth goal for the State of Vermont.

This level of job growth (or replacement) in the region’s key industries, if achieved, will stimulate growth in other sectors throughout the Lamoille County region.

Table 1. Lamoille County Job Growth Objective 2000-2012

<table>
<thead>
<tr>
<th>Job Growth Objective 2000-2012</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of new Key Industry jobs needed to keep Lamoille County at Year 2000 share</td>
<td>251</td>
</tr>
<tr>
<td>Number of Key Industry jobs needed for replacement of jobs lost 2000-2002</td>
<td>100</td>
</tr>
<tr>
<td>Total Key Industry Job Target</td>
<td>351</td>
</tr>
<tr>
<td>Total needed per year</td>
<td>35</td>
</tr>
</tbody>
</table>
III. Analysis of Economic Performance/Structure

Why are we doing this?

The next step in building a regional strategic economic and community development plan was a thorough and objective analysis of the historic performance and structure of the region’s economy – an economic assessment.

The objectives of this economic assessment of the Lamoille County regional economy were four-fold:

- To increase the understanding of the regional economy,
- To identify and understand the sources and factors underlying the economic performance of the region,
- To highlight trends that will change economic growth over next 5, 10 and 20 years, and
- To identify where to focus economic development and competitiveness-building efforts over the next 10 years for the purpose of maximizing the potential for renewed economic success in the region.

This effort was intended to assist the many individuals, businesses, and groups who have dedicated their efforts and energy to the region’s development by equipping them to focus their collective energy on strategies and actions which offer the best opportunities for improving the ability of the region to succeed economically in the future. This section was the first step in the analytical process and pertains directly to first two objectives listed above. Section III provides objective facts and analysis to assist the working group in understanding what the data are indicating about the region’s economic development climate and long-term economic development challenges.

Summary of Macro-Trends Impacting the Region

Today, several forces are at work on the Lamoille County regional economy that are likely to have a significant effect on the economic development climate in the region over the next ten to twenty years. These forces have far-reaching effects on the county, but they are mostly external to the region. Because they are external to Lamoille County, the region can likely only adapt to them—not influence them because they are national, and in some cases, global in scope. The following section discusses these key macro-trends that are impacting the economic development climate in the Lamoille County region.

Macro Trend #1: Markets are becoming increasingly global...

![FOREIGN TRADE NEARLY DOLBLES IN 1990s](chart.png)
Observation: The world is becoming more integrated economically and the region has become less and less isolated (protected) from national and global economic events.\(^3\)

Implication: Economic development policy must be made considering national—if not global—economic factors for many of the region’s key employers. It cannot be made in a vacuum or in isolation of these still-unfolding events.

**Macro Trend #2: Technological innovation is advancing rapidly...**

Observation: Technological innovation is making us more productive and changing the way goods and services are made, allowing both the workforce labor and investment dollars to make more with less.

Implication: Encouraging continued growth in productivity (including new investment and a focus on workforce preparedness) is key to the regional economy’s ability to compete.

**Macro Trend #3: The “New Economy” has fundamentally changed the competitive landscape...**

Observation: Despite the recent downturn in information technology, the widespread adoption of information technology (e.g. Internet, PCs, etc.) means ‘new economy’ competition is here to stay in the region. As of 2001, Vermont ranked 14th in the nation of households with computers, and it ranked 15\(^{th}\) in the nation in terms of the number of households with Internet access.

Implication: The ‘new economy’ has simultaneously opened the region to new opportunities and exposed the region to new risks. This will challenge the companies in the region to continuously improve its ability to apply knowledge and technology to the production process better than its competitors.

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\(^3\) This trend is reinforced by the fact that the whole continent of Europe has now moved to a single currency.
Macro Trend #4: The population is aging and Lamoille County’s working age population is aging slightly faster than Vermont’s...

Observation: Lamoille County’s median age working population is slightly higher than the state and the nation as a whole.

Implication: Lamoille County is aging slightly more quickly than the state or the nation. This trend indicates a shortfall in an available labor force into the future.

Macro Trends #5: The aging Baby-Boom population is more demanding of quality-of-life...

Observation: As the population ages, more and more people will enter their peak earning years.

Implication: Aging “Baby-Boomers” are mobile and demand more and better leisure time activities, recreational facilities, and safe communities that contribute to a high quality-of-life. High quality-of-life is increasingly becoming the key to a region being able to attract and retain a quality work force.
Regional Situation – Performance Analysis

1. Where do the region’s residents work?

Figure 2. Job Imports and Exports

Lamoille County has two employment centers that import workers, Morristown and Stowe. These employment centers are transected by Route 100, which gives access from Interstate 89, as well as from the northern towns of the county. Route 15 is the major east-west route through the county and also intersects with Route 100, giving access to Stowe and Morristown from the east and west of the county. Lamoille County in aggregate exports 2,211 more workers than it imports.

Stowe is a substantially larger importer of workers, importing over two-times the workforce Morristown imports, approximately 1,400 workers. Morristown imports slightly over 500 workers.

Utilizing both average commuter times and total travel times to both Morristown and Stowe, it was found that commuters are traveling to Stowe from Johnson, Hyde Park, Wolcott, and Elmore. Commuters from Waterville, Belvidere, and Eden have average commuting times that indicate that they are traveling to both Morristown and Stowe. Commuters from Cambridge are mostly traveling further than the total travel time to either Morristown or Stowe, indicating that these commuters are traveling outside the county, most likely to Chittenden County.
Figure 3. Average Travel Time

Figure 4. Travel Time to Morristown
Figure 5. Travel Time to Stowe
1. How are the residents faring economically?

Lamoille county has seen significantly higher growth in jobs than the state as a whole over the last two business cycles. In the 1990s, Lamoille County experienced a job growth rate that was almost twice that of the state, 3.7% per year as compared to 2.2% per year.

The Services sector has accounted for the majority of that growth, adding over 2,500 jobs or 57.1% of the total job growth for the period – over twice the next closest job category. This exceeds the share of the growth of the Services sector seen at the state level, which was 55.2%. The Retail sector accounted for the next largest growth in jobs. This is most likely due to the fact that these two sectors contain several different industries with strong travel and tourism connections.

The growth in average wages as compared to the state’s rate of growth, however, was slightly behind that of the state for both the 1981-1989 and 1989-2000 periods. Wage growth throughout the 1990s for Lamoille County was only 0.1 percentage points behind that of the state at 3.6% per year. This helped close the gap in wage growth for the entire two business cycle period, 1981-2000, when Lamoille County average wages grew 4.1% per year as compared to the state’s 4.3% growth rate per year. This indicates that the majority of the job growth in Lamoille County over the last two business cycles has been in job categories with relatively lower average wages.
Lamoille County’s personal income growth has closely mirrored Vermont’s. Because personal income is a broader measure than wages, this suggests that non-wage income growth has also been roughly the same in Lamoille County as in Vermont. Total personal income grew at a rate of 6.4% per year for both the County and the State between 1981-2000.

Personal income growth in Lamoille County kept up with the State’s and the nation’s, as did growth in transfer payments. However, Lamoille County still ranked slightly higher than the state and the U.S. in transfer payments as a percentage of personal income. A higher percentage of transfer payments has traditionally been associated with economic distress in a region. Lamoille County’s percentage of personal income accounted for by transfer payments was 14.4% as compared to the state average at 14.2% and the U.S. average at 12.9% in 2000.

Lamoille County’s percentage of households with retirement income did not increase at the same rate as the state’s. This indicates that Lamoille County’s transfer payments contain less retirement income and more of other types of transfer payments.

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4 Personal income is comprised of more than just wages. It also contains items such as retirement income, other forms of transfer payments, and income from dividends, interest and rents.
Lamoille County’s proprietors’ income growth exceeds the state average while lagging behind the U.S. average between 1993-2000. Proprietors’ income growth averaged 5.6% per year in Lamoille County whereas the State’s growth in proprietors’ income only averaged 4.7% per year.

While proprietors’ income growth was stronger, the growth in the number of establishments was significantly behind the state and the U.S averages. Growth in establishments between 1993-2000 was only 0.8% per year for Lamoille County, while the State’s rate of growth was 1.0% per year and the U.S.’ rate of growth was 1.4% per year over the same period.

Lamoille County’s proprietor’s income as a percent of the total personal income has remained at the same level in 2000 as it was in 1993. The gap between Lamoille County’s percentage and the state’s average percentage has increased due to the state percentage falling from 9.1% in 1993 to 8.7% in 2000.

This indicates that while the earning power of entrepreneurs is high in Lamoille County, the levels of actual establishment start-ups is lagging – also a sign of potential economic stress.
3. What is the economic structure of the region?

Lamoille County’s employment structure changed most significantly between 1981 and 2000 in two sectors: Services and Manufacturing.

The share of total jobs represented by the Services sector increased by six percentage points over the 1981-2000 period to equal over 40.0% of total private jobs in calendar 2000. Overall, Services accounted for approximately 4,261 jobs in Lamoille County in 2000. This phenomenon can in part be attributed to the size and growth of the travel and tourism industry in the county over the period.

The majority of this six percentage point increase in share for Services came at the same time there was a six percentage point loss in share in the Manufacturing sector, which fell from 16.0% of total private jobs in 1981 to 10.0% of total private jobs in 2000. The Manufacturing sector employment went from approximately 735 in 1981 to 789 in 2000, a net increase of only 54 jobs.

In 2000, over 83.0% of the Durables Manufacturing sector was accounted for by 3 sectors, Lumber, Electronics and Miscellaneous Manufacturing. These 3 sectors totaled 427 jobs in 2000.
The same pattern of concentration can be seen in the Nondurables Manufacturing sector. Three sectors account for approximately 80.0% of the sector. The Food, Textiles and Printing and Publishing industries accounted for approximately 225 jobs in 2000.

Three sectors in Retail accounted for 74.8% of sector in 2000, up from 68.0% in 1981.

The five Service sector industries represented above accounted for 63.5% of the sector in 1981. By 2000, that percentage had increased to 85.0% of the sector.

While Hotels lost share of the Services sector, it is still the largest industry within the Services sector with over 1,300 jobs in 2000. This industry gained of 421 jobs over the last two business cycles. This sector contains the ski area employment, an important industry in Lamoille County.

Also within the Services sector, the Health Services industry has historically played a significant role in the region, although job increases since 1981 have not kept pace with job growth in the rest of the region’s economy. As a result, the share of total jobs accounted for by this sector has declined slightly over the 1981-2000.

Note: SIC 54 = Food Stores, SIC 58 = Eating & Drinking Establishments, SIC 59 = Misc. Retail
4. How is the region faring in other socio-economic factors?

Lamoille County’s total population rose faster than the state’s average between 1990-2000, a change of 17.7% as compared to 8.2% for the state. Lamoille County experienced higher percentage changes in all major age cohorts.

Looking at the population change by age category, the largest gain in Lamoille County occurred in the 40-59 years category. This age category increased 57.6% between 1990 and 2000 in Lamoille County as compared to 44.8% for the state. Concurrently, Lamoille County experienced over double the growth as the state in the 60-74 years category, at 20.7% vs. 9.1%, respectively.

Lamoille County also gained slightly in the under 40 category, whereas the state lost population in this age category.

While Lamoille County’s population growth was larger than the state’s, there was only slight increases in Lamoille County’s shares of the major population age groups between 1990 and 2000.

Lamoille County tracks with the state in the percentage of the over 25 population that are high school graduates.
Lamoille County exceeds the state average in the percentage of the population with Bachelor’s degrees, while it lags slightly in the percentage of the population with advanced degrees.

Lamoille County showed faster growth in housing units than the state 1990-2000, averaging 1.1% growth per year as compared to 0.8% per year for the state. Lamoille County also shows higher rates of owner occupancy than renter occupancy. The breakdown between owner and renter occupied housing in Lamoille County mirrors the state.

Lamoille County has approximately 3.9% of Vermont’s working age population. Lamoille County residents hold a larger proportion of service and management occupations. However, they have a lower proportion of the jobs in professional, sales and production occupations. These occupations represent over 80.0% of the employed workforce.

Note: A = Sales, B = Professional, C = Management & Financial, D = Services, E = Production
Lamoille County has historically had a higher share of seasonal housing units than the state, and generally followed the overall declining trend of the state as a whole during the 1990s.

Median values in Lamoille County increased at a higher rate than the state average during the 1990s, closing the gap that existed in 1990 between the state and Lamoille County’s median value in the owner occupied housing unit category. Median values of owner occupied housing grew 27.8% in Lamoille County, from $89,900 to $114,900, as compared to 16.8%, from $95,500 to $111,500, for the state between 1990 and 2000.

This could be the result of either a decline in the number of seasonal housing units being built, or an increased rate in seasonal housing being converted to year-round housing—or both.
In 1990, Lamoille County’s percentage of households headed by working age householders who paid 30%+ of their household income on housing costs exceeded that of the state’s by 2.9 percentage points, 30.0% vs. 27.1%, respectively.

In 2000, Lamoille County’s percentage of households headed by working age householders who paid 30%+ of their household income on housing costs had risen to 30.7%, and the state’s had risen to 28.0%. This would indicate that Lamoille County continues to have less affordable housing for the working age households, which can be a deterrent to regional economic development.

When the housing costs issue is examined by income groups of households, Lamoille County has increased in the lower and middle-income groups between 1990 and 2000, as compared to the state. In 1990, the percentage of households earning less than $20,000 who paid more than 30% in housing costs was 65.4%. In Vermont, this percentage was 62.0% for the same group. By 2000, Lamoille County had increased its percentage to 69.7% and Vermont had increased its percentage to 69.0%.

For households earning between $20,000 and $50,000, Lamoille County increased from 21.3% in 1990 to 27.0% in 2000. Vermont also increased between 1990 and 2000, from 15.5% to 27.0%.

These figures would also indicate that housing affordability has not improved between 1990 and 2000 in Lamoille County.
5. What are the region’s key industries?

With that analysis as background, the next step in this analytical process involved identifying an initial list of key, dollar-importing industries in the regional economy based on several factors. Key dollar-importing industries were those that have either increased or declined by more than 50 jobs over the past two business cycles, still show a significant presence in employment, had a relatively equal or higher average wage level versus the county average or the statewide average in the industry sector, and were industries that had an export-oriented focus. The results of this filtering process resulted in the identification of eight candidates for this key industry designation.

Once the full list of candidates was assembled, the Steering Committee undertook a winnowing process that refined this initial list of candidate categories to a small list of industries that offer the most potential for future success (in the case of enterprise development and business expansion), and those declining key industry sectors that required specific attention from the standpoint of retaining jobs.

Refining this list was a critical part of the strategy development process in that these key, dollar-importing industries was the focus of further research and analysis to discover the competitiveness needs of leading businesses in each identified industry. This was developed during an intensive interview process designed to develop a greater and more specific understanding of what the key economic drivers of the region needed from economic development policy.

The first step in identifying the key regional industries involved examining the employment levels in 2000, job growth and relative wage levels over the last two business cycles, 1981-2000. This examination used the traditional SIC code [Standard Industrial Classification] as the starting place, mainly as this is the method by which the data is gathered and can be compared over time. This first stage revealed several sectors that appeared to be key regional industries.

Along with the examination of key, dollar-importing industries by job growth, relative wages and employment levels, it was necessary to characterize the industries by their markets, i.e., do these industries have an export focus or do they serve mainly the local market? While an industry can be important to a region due to its size, strategic economic development targets those industries considered ‘base’ industries or industries that import dollars into the region. A region’s economic strength and prospects are determined by its key base industries because these industries are responsible for attracting the economic resources that improve the quality of life and well-being of the region’s citizens through increased personal income and the provision of replacement and new public resources (e.g. they expand the size of the regional economic pie). Therefore, this preliminary analysis of Lamoille County’s key industries focused on

5 The VT Dept. of Employment and Training is switching to the new North American Industrial Classification System [NAICS] for reporting employment data, however, there is no historical data available as yet.
those industries considered ‘base’ industries.

As the SIC code system that is currently in place was developed in 1987, it can be thought of as a slightly outdated method for examining sectors of the economy in any detail. The SIC structure was used for the initial analysis of Lamoille County’s key industries. However, as is evident from Table 1., there are considerable disclosure issues with the employment and wage data that prevent reporting the results of the first step in this report.  

The next step involved moving beyond the SIC analysis to identifying the firms within the key industries and categorizing them according to characteristics other than the SIC code they are reported in. By researching the traditional sectors by the major employers within them, the economy can be examined from a slightly different perspective; by grouping employers together based on common characteristics, either in the production process, their markets or the types of products that they sell. Looking at Lamoille County’s key, dollar-importing industries in this manner, rather than by the SIC method is the first step in understanding how the regional economy functions, and where economic development strategies might be targeted in order to obtain ‘the largest bang’ for the economic development dollar. Table 2. is the preliminary list of the regional key, dollar-importing industries grouped together by common characteristics.

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6 Employment and wage data that might lead to the identification of specific firms is not publishable by law.
Table 2. Lamoille County Key Industries by SIC Code

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Wood Products &amp; Furniture</td>
<td>D</td>
<td>NA</td>
<td>D</td>
<td>D</td>
</tr>
<tr>
<td>Fabricated Metals</td>
<td>D</td>
<td>NA</td>
<td>D</td>
<td>D</td>
</tr>
<tr>
<td>Electric Equipment</td>
<td>0.6%</td>
<td>8.9%</td>
<td>150.9%</td>
<td>62.7%</td>
</tr>
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<td>Miscellaneous Manufacturing</td>
<td>2.1%</td>
<td>6.7%</td>
<td>174.8%</td>
<td>102.9%</td>
</tr>
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<td>Textiles and Apparel</td>
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<td>D</td>
<td>D</td>
</tr>
<tr>
<td>Business Services</td>
<td>D</td>
<td>7.5%</td>
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<td>D</td>
</tr>
<tr>
<td>Engineering, Architecture</td>
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<td>28.0%</td>
<td>D</td>
<td>D</td>
</tr>
<tr>
<td>Travel &amp; Tourism</td>
<td>15.3%</td>
<td>NA</td>
<td>77.0%</td>
<td>NA</td>
</tr>
</tbody>
</table>

D = Not available due to disclosure  
NA = Not available

Table 3. Lamoille County Key Industries by Functional Group

Consumer Durables Manufacturing  
*Defined as: Products manufactured to be sold to the final consumers or to final consumer dealers.*  
Representative Regional Firms:  
Hearthstone Quality Home Heating Products Inc., House of Troy, MJ Wood Products

Recreational Equipment  
*Defined as: Firms specializing in the design and manufacture of recreational equipment.*  
Representative Regional Firms:  
Diamondback Company, Tubbs Snowshoe Company, Concepts2

Specialized Textile Products and Services  
*Defined as: Firms specializing in the manufacture of specialized textile products, either apparel or other products, and providing specialized services to textile producers.*  
Representative Regional Firms:  
Turtle Fur, Inc., Vermont Fleece Company, Johnson Woolen Mills

High Value-added Professional, Scientific, and Technical Services  
*Defined as: Firms specializing in selling professional, scientific and technical knowledge and skills primarily to other industry clients and customers.*  
Representative Regional Firms:  
Springer-Miller Systems, Moscow Mills Manufacturing Services, Little River Survey, Cushman & Beckstrom Architects

Natural Resource Based Manufacturing  
*Defined as: Traditional manufacturing of intermediate natural resource materials.*  
Representative Regional Firms:  
Manchester Lumber, Inc., George F. Adams, North Woods Joinery, Manosh Hardwoods

Destination Family Resort and Recreation  
*Defined as: Firms providing the core services of lodging, meals and recreation activity to traveling and vacationing consumers.*  
Regional Representative Firms:  
Smugglers’ Notch Resort, Stowe Mountain Resort, Trapp Family Lodge, Stoweflake Mountain Resort & Spa
IV. Results of the Economic Development Resources Inventory Assessment

Purpose of the Assessment

As part of this strategic planning effort, the Steering Committee undertook an inventory of, and then an assessment of, the economic development resources applicable to the Lamoille County region. The purpose of the assessment was to identify what the region currently has to support economic development, business growth and job creation in order to determine: (1) the strengths of the region in this regard, (2) develop an understanding of what the region was currently and potentially lacking in the area of economic development resources, and/or (3) identify those resource areas that need improvement through both effort and economic development policy.

This was a self-assessment by the Steering Committee and was meant to be a critical review of the region’s resources. However, this was not intended to be an inventory to be used as a marketing tool to highlight the region to new and existing businesses because it is only the “informed judgment” or “point of view” of the members of the Steering Committee. Instead, it is intended to be a systematic, critical review of the region by standing back and looking at its strengths, weaknesses, opportunities, and threats as they relate to critical economic development resource topics.

Combined with the interviews with the region’s key businesses, the assessment produces a tool that the Steering Committee believes will guide economic development services organizations working with community partners to take advantage of the region’s opportunities, address weaknesses, and effectively deal with identified threats.

As such, the assessment was not a comparison of Lamoille County’s current positioning with respect to economic development resources as compared to regions in the rest of Vermont or key competitor regions in some other state. This assessment instead compared Lamoille County against a standard that the Steering Committee felt was necessary to achieve to allow the regional economy to develop and potentially grow, and to attract and maintain quality jobs and a “high” quality of life for residents. Therefore, the Steering Committee leadership assumed all the “resource categories” listed in the assessment needed to be of a standard that were necessary to achieve and maintain a strong, high performance economy and high quality of life.

The Rating Process:

To rate the economic development resources of the Lamoille County region, the Steering Committee started with a template that utilized eight resource categories. They are as follows:

- Human Capital
- Financial Resources
- Natural and Built Resources
- Physical Infrastructure
- Industrial/Commercial Site Inventory
- Technology Resources
- Institutional Resources

The Steering Committee created an inventory of all the resources important to economic development and then rated
each resource area by a comprehensive set of attributes listed and described below:

- **Availability/Access:** How available were the key resources in the area that was being rated. For example, were the resources widely available, generally available, only available on a limited basis, or not available at all in the Lamoille County region?

- **Cost:** A second area rated by the Steering Committee included the relative “cost” of the resource. For example, was—in the opinion of the Steering Committee—the cost of the resource affordable, too expensive, expensive, moderately expensive or relatively inexpensive in the Lamoille County region?

- **Sustainability:** The Steering Committee in most instances also considered the question of whether or not the resource supply was in short supply or was in relative plentiful supply over time.

- **Quality:** Another important part of the assessment process involved judging the “quality” of the resource base in the region. For this, the Steering Committee rated the quality of the resource area where this was important as being: (1) poor, (2) good, or (3) very good.”

In the case of the Human Capital resources category, the Steering Committee considered ratings of the age of the workforce (e.g. “a good mix of all ages,” “immature,” “over 45 years of age” in order to try to capture the demographic of the regional workforce to some extent. In addition, several categories—including the Institutional Resources, Natural Resources and Constructed Resources categories—included assessments by the Steering Committee as to whether or not those resources had a positive impact, a negative impact or no impact on economic development in the region.

**Summary of Findings**

Overall, the Steering Committee felt the Lamoille County regional economy was in decent condition in terms of its regional economic development resources. The region was rated to have some significant economic development resources strengths, but also a few significant exceptions where it was concluded that the region could make significant improvement. These strengths and areas for improvement are summarized as follows:

**ECONOMIC STRENGTHS:**

- A generally available workforce with a few exceptions.
- Access to very good quality and affordable educational resources.
- Available and affordable telecommunications.
- Superb environmental quality and access to recreational resources.
- Generally good quality elementary and secondary schools.
- Good access to health care.
- An excellent quality of life.
- Good access to major market areas.
- Good access to capital, primarily debt sources.
- Moderate access to public sector incentives and grant opportunities for business expansion.
- Generally, willing and active local governments pursuing economic development.
ECONOMIC WEAKNESSES:

- A limited availability of skilled workers for high value-added services, high-skilled assembly workers and seasonal employment related to the resort and recreational industries.
- Some work ethic issues with that segment of the workforce traditionally filled by younger workers.
- A limited supply of moderate cost industrial sites with infrastructure for the region’s key sectors. The exception being the general availability of sites for the Travel and Tourism sector where limitations are related to permitting issues.
- Difficulties with waste water treatment in the Morrisville employment center.
- Limited equity and venture capital resources particularly outside the resource-processing sector.
- Varying perceptions of educational quality in the region.
- Limited resources for technology related companies dependent upon higher educational resources.

Human Capital:

In this section, the Steering Committee reviewed the availability and skills of the region’s workforce. The Steering Committee had a general discussion about the depth and affordability of the regional workforce. These discussions were followed by interviews of employers in the region’s key sectors.

After a thorough discussion, the Steering Committee made the following findings:

- In general, the region has a good quality and available workforce.
- In general, there are people available for the jobs in the key industries that are already present in the region but some key employers express concern about their ability to fill new openings.
- There is limited availability of a professional and technical workforce required by employers in the high value-added professional, scientific and technical service sector. Employees in these sectors generally come from outside the region.
- Seasonal employment demands in the resort and recreational sector creates a unique set of issues—availability of adequate staffing for weekend, holiday and traditional vacation times, and work ethic issues.
- The cost of labor is generally inexpensive relative to other regions.
- Vermont Technical College and Johnson State College offer useful education and training for certain types of jobs and needed skill sets in the region, but they are limited and do not cover the full range of education and training required by key industries.
- The region is not particularly well positioned for workforce development activities and business/education partnerships.
- There is a problem with the information technology proficiency of the regional labor force for basic job tasks.
- The ability to adapt to new environments and changes in the workplace is difficult for much of the regional labor force—as it is elsewhere in Vermont. The Steering Committee viewed this as a cultural problem attributed to a number of factors including a shift from our agrarian past where people did multiple types of jobs. It is also related to the recent
difficulties of resource processing employers as they attempt to match the intensifying competitive pressures of the globalization of the wood processing industry. This intensifying global competition is important to the region and is a serious concern for the future of the regional workforce.

Financial Resources:

The Steering Committee examined resources such as debt sources, equity, grants and other financial resources to start and grow a business in the region. The examination included a broad assessment of the region and reached across the full range of financial resources needs. For the most part, equity and other advance stage financial resources, financial incentives for economic development, other tax credit and grant funding resources were available statewide or are available from federal departments and agencies. It also was noted that the region’s communities and economic development organizations have access to Economic Development Administration funds through a multi-county CEDS,\(^7\) that includes Lamoille County in its territory as well counties in northwest (Franklin and Grand Isle counties) and northeast Vermont (Essex, Caledonia, and Orleans counties).

There also are some resources to support economic development in the region that are particular to Lamoille County, including access to limited revolving loan monies and the ability of localities to abate property taxes for certain types of infrastructure development projects. The area’s debt resources are generally widely available, although the supplies of funds reflect the regional marketing strategies of the represented financial services and bank holding companies.

From the above, the Steering Committee concluded:

- The region’s businesses have access to abundant debt sources but, like other rural areas, they are seriously lacking in access to equity and other early-stage financial resources.
- Sources of debt capital were rated to be generally inexpensive and of good quality—but they do not offer specialized lending products for key industry sectors or start-ups in those sectors.
- A system of formal regional or local equity or venture capital sources is basically non-existent particularly for technology related companies. Some informal equity capital is available in the region.
- In general, state resources and incentives are available to key industries and others in the region, but are limited on the local level. State incentives were ranked “poor” primarily due to the challenging and sometimes long process that applicants must go through to obtain them.

Natural and Constructed Resources:

The Steering Committee looked at natural resources including rivers, ponds, lakes as well as winter and summer recreations resources in the natural resources category. In the “constructed” category the Steering Committee examined assets and issues such as like recreational resources, retail accessibility,
cultural and historical amenities, safety, and child care resources.

The Steering Committee concluded:

- The region’s residents have good access to high quality natural resources and outdoor recreation assets but limited access to indoor activities.
- The cost of accessing most of these natural and recreational resources is moderately expensive to expensive because of the region’s travel and tourism base and assets.
- The region lacks certain built resources in its “quality of life” infrastructure, and does not enjoy a broad and diverse retail base that offers affordable everyday needs for residents since most retail is oriented toward travel and tourism.
- The region’s residents have generally or widely available cultural and historical resources that are a positive aspect of the region’s travel and tourism industry. However, there are limited cultural choices for some segments of the region’s population.
- People tend to feel safe living and visiting in the region. There are good police, fire and rescue services in the region.
- The region has a challenge in the area of moderately priced, available childcare but the quality of what the region has is rated as being good. This seems to not be unique to the Lamoille County region.

Physical Infrastructure:

In this section, the Steering Committee analyzed resources such as trucking, railroad, roads, air transportation, water quality, wastewater capability, telecommunications, housing and utilities. The following describes the results of this assessment.

The Steering Committee’s findings included:

- The region has somewhat limited transportation access due to the lack of an interstate highway in the region and limited services via other transportation options such as rail and air travel.
- The region’s existing highway network is in good condition. The two major state highways that bisect the region, VT Routes 15 and 100 have been well maintained. Bridges and other transportation facilities along these routes are in good condition.
- The major transportation asset coming to the region will be the construction of the Alternative Truck Route in Morrisville, slated for a construction start date of 2005. This route will allow for the diversion of truck and through traffic out of the downtown area of Morrisville, creating enhanced downtown development opportunities.
- Commercial rail service within the region has not existed for the past two decades and the tourist based rail service along the Lamoille Valley Rail Road ceased in 1994. In 1995 a devastating flood hit the region resulting in significant damage to the rail corridor. Since that time, the State of Vermont has undertaken an effort to utilize the corridor once again. The result will be the development of a multi-use year round recreation trail that will run from St. Johnsbury, west through Lamoille County, on to Swanton, spanning 96 miles and interconnecting into the
Canadian recreational trail network. This asset is expected to be a significant tourist attraction for the region.

- Air travel in the area is reasonably well serviced with a small plane/charter air field located in Morrisville and access to the Burlington International Airport 45 minutes from the center of the county in Burlington. Regular transportation between the region and Burlington is available through Ethan Allen Coachworks, Richard’s Limousine Service, and Peg’s Pickup. The recent addition of Jet Blue to the Burlington Airport has augmented affordable regional (Boston, New York, Washington) commuter travel services.

- There are six municipal and four Fire Districts, and five Cooperative Systems that provide public water supply systems within the region. With the expansion of growth within the region, there will continue to be an ongoing need to address the service areas and future expansion needs for the public water supply networks, assuring adequate protection of buffer zones within supply areas, analysis of replacement supply options, and planning for capitalization of expansion/new system development. Currently water is readily available and reasonably priced.

- There are five municipally owned sewage treatment plants in Lamoille County located in the Villages of Stowe, Morrisville, Hyde Park, Johnson, and Jeffersonville. Other than the recently upgraded Stowe plant, the remaining facilities are reaching their capacities and will require upgrades in the next decade. Lack of wide spread public wastewater treatment options, and limited capacity within the county for large on-site treatment, may limit development options for some types of businesses.

- There currently are seven electric utilities providing service to the county. Five municipally owned one cooperative, and one corporation. The major contractual sources of electricity are from the Vernon Nuclear Plant in Vermont and Hydro Quebec in Canada. Both contracts are scheduled to expire within the next decade. Additionally, the capacity of the distribution system servicing the region has diminished during the past two decades, resulting in the need for significant upgrades to the Northern Vermont Loop which delivers energy to the region. Permitting for upgrades is currently underway. Alternative energy sources in the region include an extensive conservation program at all utilities and the recent investigation of cogeneration opportunities.

- There are no natural gas distribution systems servicing the region. Propane is trucked into the region, as well as heating oil.

- Cellular services to the region have developed slowly over the past decades with recent technological upgrades resulting in significant communication system gains. Due to the geography of the region, and the limited population, servicing customers outside of the major population centers has been difficult to accomplish.

- Internet services to the region are currently experiencing an upsurge with wider spread access to Broadband, T1, and remote wireless service. During the next decade, projects currently underdevelopment through public-private partnerships may significantly increase the avail-
ability, speed and reliability of services in the region.

- Telephone service to the region is complete and high quality with Verizon currently servicing the majority of the regional market.
- Solid waste services for the region consist of local pick up or drop off service for transfer of waste materials to other sites in Vermont. Currently, most waste is shipped to the Cassella facility in Coventry, a facility currently under expansion. Recycling service in the region is widely available through waste haulers and transfer stations. The major waste cost for the region is the removal of construction debris which can be costly to dispose of.
- The housing ownership market currently is under constraint due to the lack of availability of mid market homes. Development of housing for fixed income persons is moderately well available due to the work of Lamoille Housing Partnership. The availability of high end housing and second homes is extensively available, with the majority of developers focusing on this high return market.
- The rental housing market is significantly limited and pricing runs well above affordable ranges based on standard figures of affordability. This creates a significant burden on the Destination and Family Resort and Recreation sector which relies on a modestly compensated, often seasonal, workforce. Limited onsite housing opportunities are available at some facilities.

Natural Resources:

In this section, the Steering Committee analyzed the region’s natural resource as they contribute to the region’s key industries ability to be competitive or add value to their products. The following describes the results of this assessment.

The Steering Committee’s findings included:

- The natural landscape of the region is very important to the culture, image and quality of life enjoyed by residences of the region. Consistent with other preconditions, the region’s landscape, natural beauty and associated quality of life are attractive to entrepreneurs looking for a place to live, develop and grow their businesses.
- The interaction between a healthy working landscape and the quality of life are important to businesses trading on the culture and image of Vermont.
- Large tracts of forested land are important to the region’s natural resource based industries.
- The region’s closeness with the natural environment is an important characteristic to quality of life that attracts the workforce important to many of the region’s key industries.
- The culture and image of the region is very important to recreational equipment, destination/family resort recreation and high value added professional service key industries but less important to the consumer durables manufacturing industries.

Industrial and Commercial Site Inventory:

The Steering Committee examined the inventory of available industrial and retail space in the following section.
assessment focused on the availability of suitable and affordable sites for the region’s key industries.

From the above, the Steering Committee conclusions included:

- The region has limited availability or no availability of vacant buildings and suitable industrial space that has the proper supporting infrastructure for the region’s key industries.
- The space that exists tends to be expensive to moderately expensive.
- Morrisville, an important center in the region, has limited to no availability of vacant buildings or space.
- There is a general availability of vacant buildings and space for businesses in the destination and recreation sector.
- In general, the region scores limited to not available in its inventory of developable industrial sites. Those few sites that exist are considered expensive relative to the state and other regions. The quality of these sites is average.
- The destination family resort and recreation industries face complicated permitting issues making new sites difficult to prohibitively expensive to develop.
- Business incubator space in the region is limited to not available for some applications. The Steering Committee is concerned about where the site assets are to be found or developed in order to meet the future job growth needs of the region. There is no real business incubator in the region that is specifically tailored to the needs of the key industry sectors of the region.

In this section, the Steering Committee reviewed those things that make the region a suitable location for technology-oriented businesses or for the development of new technologies. This included resources such as Research & Development facilities and funding for technology development. Areas such as the availability of higher education, business education partnerships and research internships were also examined.

The Steering committee’s findings included:

- The region does not have a recognized R&D culture due to the absence of a major university in the region to build on.
- In general, technology resources are not available in the region. The exception is the destination and family resort industry where an active business association, relationship with Johnson State College and statewide resources are in place.
- SBIR funding is available to all key industry sectors in the region but is not widely utilized.

Institutional Resources:

The regional Steering Committee examined the region’s institutional resources. These resources included all organizations in the region including education, economic development, local government, churches, fraternal organizations, health care facilities and local government’s (e.g. willingness to host new business) that do or could have an impact on economic development in the region—both directly and indirectly. The Steering Committee examined these issues from the standpoint of identifying
potentially useful programs and potential partners for implementing the strategies that are to be developed during the course of this planning process.

The Steering Committee concluded:

The region is generally well positioned in its infrastructure of social, religious and fraternal organizations. Economic development services organizations are available in most sectors and in the potential hosting communities of Morrisville, Stowe and Hyde Park, and these have a generally positive impact on economic development.

- The region is positioned moderately well in terms of availability and affordability of educational resources at the secondary and post secondary level to support its existing base. It is not well positioned to support technology-oriented businesses that are not related to its existing key industry base.
- Quality health care is widely available and priced similar to the rest of Vermont and the nation.
- Property taxes are higher than other regions in certain parts of the region.
V. The Factors Underlying the Region’s Economic Performance

As part of this effort to revitalize the Lamoille County regional economy, a significant research effort was undertaken to identify strategic sectors of the regional economy experiencing a combination of employment growth success and wage growth success. The underlying purpose of completing such an analysis was to develop a profile of a strategic regional employer. The economic development policy reasoning underpinning this part of the strategic development effort was to achieve the proper focus for regional economic development efforts. “Focus,” in the sense employed here means deploying the region’s economic development resources where efforts will likely yield the greatest return consistent with the vision and mission.

This effort defined the strategic parts of the regional economy by first identifying the current list of key, dollar-importing industry sectors in Lamoille County. The second step of the process was to develop a greater understanding of the reasons underpinning the current relative economic and business success of key regional employers by conducting interviews of companies in these industries. The point of this part of the strategic planning effort was to capture current and near-term outlook for, and assemble the best economic development intelligence on each major driver industry for the region with respect to the current status and future outlook for the region’s key industries. This step had the additional purpose of understanding the factors and forces driving the region’s current economic success and assist in the design of a specific set of competitiveness enhancing strategies that could be implemented to encourage even greater in the region’s key industry sectors.

The Steering Committee felt a more detailed and practical understanding of what drives the region’s current success is needed to inform policy in three ways. These include: (1) assistance in designing more effective competitiveness enhancing policies to assist in the creation and retention of quality jobs, (2) assistance in more intelligently directing public and private sector resource investments for economic development within the region—from all sources both inside and outside the region, and (3) assistance to help identify and amend policy proposals and regulatory approaches that might in some way impede the region’s economic success and competitiveness.

Before moving to a description of the process and results of the primary research portion of this effort, it is important to note that this initial list of key industries is just that—an initial list of the existing economic-driver industries of the region. It is a living list that quite obviously is undergoing constant and, perhaps accelerating change. That understanding led the Steering Committee to the conclusion that simply developing a better understanding of where the region’s economic drivers were today was not a complete enough approach to the economic development issue because there also needed to be a pro-active component to the region’s strategy. This pro-active component would be designed to identify and pursue new economic development opportunities for the region. This would be accomplished by
pursuing the types of businesses or employers that: (1) exhibited substantially all of the functional characteristics of a successful regional business, but (2) were in industry categories that were not a major contributor or participant in the regional economy at the present time. The Steering Committee believes that there are likely a number of opportunities to pro-actively attract companies—employers that have all of the functional attributes of a successful regional employer but which presently are not a significant part of the region’s job base.

The pro-active part of this strategy recognizes that the way major employers in the region’s key industries operate today is dramatically different than the way key employers in the region’s key industries operated ten years ago. It is therefore likely that the way major employers in the key industries of the region ten years hence will conduct their affairs will be dramatically different—perhaps even more dramatic than the change that has occurred in this regard from ten years ago—from the way they operate their businesses today.

Properly anticipating how the functional profile of a successful regional employer will change and how the future competitiveness needs of major regional employers will evolve begins with the recognition that “competitiveness” is a constantly evolving process. This research indeed showed that competitiveness is not a static condition. Designing a living process for continually receiving, distilling, and incorporating new information from the region’s economic driver industry sectors into its economic development strategy is critical. Therefore, building regional capability to identify and assess the implications of these inevitable, on-going changes in the region’s strategic sectors and having the regional capacity to make appropriate and deft policy corrections with this updated information is another important part of this strategic planning effort.

An approach such as the one described above takes time and resources, careful analysis of information and data, and full consideration of what can realistically be done to build upon those successful parts of the Lamoille County regional economy. The final step in the strategic economic development planning process will be to weave this information, along with the developed profile of a successful strategic employer—into an integrated mosaic of initiatives and policies that represent a cohesive long-term economic development plan and implementation strategy for the region. That plan will involve developing a well-designed set of appropriately prioritized steps to: (1) better market the region’s competitive strengths pro-actively to potential recruitment targets that fit a specific profile, (2) design specific policies to build on competitive assets and address competitive weaknesses of the region that are within the scope of economic development policy, and (3) identify specific steps to assist employers in key regional industries. Those strategies were the focus of the final stage of the planning process that was completed across the Fall and Winter months.

Methodology

A brief description of the methods employed to reach this critical point is presented here. The first step in the process involved the data analysis identifying the region’s key industries. This data analysis portion of this identification
process involved inventorying those regional industry categories that were: (1) adding or losing significant numbers of quality job opportunities over the most recent period of relevant economic history, and (2) had other important economic and non-economic characteristics that made them an important economic driver for the region. More specifically, those specific characteristics involved the following: (1) confirmation of an export market orientation in the industry through relative output and job concentration location quotients (e.g. exported goods and services outside of the region and therefore imported dollars into the region from outside), (2) identification of those sectors with recent job growth performance (added or lost a significant number of jobs—100—over a defined time period), (3) identification of those sectors where current wage levels and recent wage performance were higher than the regional and/or state average wage, and (4) that the sector was a significant employer of 100 or more persons. The time frame selected included the most complete two business cycles for the U.S., Vermont, and the Lamoille County regional economy dating back to 1979. Specific attention was directed to the most recent business cycle defined by the July 1990 to January 2001 period (corresponding to annual 1989 to 2000 data).

Once this quantitative analysis phase was completed, an initial inventory of the region’s key industry categories was then presented to the Steering Committee for review. This initial list appeared earlier in the economic assessment portion of under a previous Section of this document. After thorough discussion and review, the Steering Committee finalized this initial listing of key regional industries for the purposes of concentrating on those key economic engines in the primary information-data gathering phase of this planning process.

Key employers within these key regional industry sectors were selected from a candidate list (see below) corresponding to the advice and counsel of both the Steering Committee and the regional staff of the Lamoille County Development Corporation, and the Lamoille County Regional Planning Commissions. The candidate company selection process involved answering two general questions: (1) How many interviews would need to be conducted to obtain the necessary information, and (2) Which employers would specifically be asked to participate. Each is discussed below.

(1) How many interviews needed to be conducted overall?

Given time and budget constraints it was decided that a number not more than 12 visits should be undertaken. However, the Steering Committee wanted the investigators to be sure to cover the complete array of key industry segments in the Lamoille County region, with particular emphasis on any regional participation in the “Strategic Industries” composition for the State as a whole. In the end, a total of roughly a dozen in-depth interviews were conducted over a three-month period.

(2) Which companies should be interviewed?

The initial list of candidate companies covered all of the key sectors and strategic industries for the State that had regional participation. Many were active in the region’s business associations while others were not. It was decided to attempt to interview some of the companies that had been less active in the region in an attempt to gather fresh insight into issues related to economic development.
A listing of each key regional industry and the participating interviewee follows:

**Consumer Durables Manufacturing**
*Defined as:* Products manufactured to be sold to the final consumers or to final consumer dealers.
*Interviewed Firms:* Light Logic (D.B.A. House of Troy)

**Recreational Equipment**
*Defined as:* Firms specializing in the design and manufacture of recreational equipment.
*Interviewed Firms:* Concepts2

**Specialized Textile Products and Services**
*Defined as:* Firms specializing in the manufacture of specialized textile products, either apparel or other products, and providing specialized services to textile producers.
*Interviewed Firms:* Diamondback, Inc.

**High Value-added Professional, Scientific, and Technical Services**
*Defined as:* Firms specializing in selling professional, scientific and technical knowledge and skills primarily to other industry clients and customers.
*Interviewed Firms:* Moscow Mills Manufacturing Services, Cushman & Beckstrom Architects, Springer-Miller

**Natural Resource Based Manufacturing**
*Defined as:* Traditional manufacturing of intermediate natural resource materials.
*Interviewed Firms:* Vermont Precision Woodworks, G.M. Kan, Inc. (D.B.A. Vermont Furniture Works)

**Destination Family Resort and Recreation**
*Defined as:* Firms providing the core services of lodging, meals and recreation activity to traveling and vacationing consumers.
*Interviewed Firms:* Stowe Mountain Resort, Stoweflake Mountain Resort & Spa

Additionally, interviews were conducted with: Copley Health Systems, Lesley Elizabeth Gourmet, Inc., and Johnson State College. Simultaneously with identifying the candidate companies, was the process of designing and testing the survey instrument. The end result of the development process was a 53-question survey instrument designed to: (1) identify the major factors and forces affecting the region’s key industry, (2) the specific factors and forces—both internal to and external to the regional economy—were impacting local competitiveness and employment levels, (3) identify key aspects of the key employer’s competition, and (4) develop a candidate list of specific actions that could be assessed in the strategy development phase of this process. The results of each interview were compiled, but treated as confidential. Interviewees were promised anonymity. Therefore, the results of the interview process are set forth in a generalized manner to protect the confidential nature of the information shared by study participants.

**Key Attributes of Successful Strategic Regional Employer**

The end result of this primary research, interview phase of the strategy development effort, was a functional profile of a successful strategic Lamoille County employer. Armed with agreement and a better understanding of the competitiveness aspects of this profile, important background work has been laid for moving on to the policy design phase of this effort. In short, understanding how a key regional industry competes was thought to be a vital link for designing appropriately prioritized and effective economic development policies.

The following was identified as the characteristics or profile of a strategic employer for the Lamoille County region based on this research. These are felt to be important characteristics of a stra-
1. Produce high-value goods and/or services to specialized and/or niche markets.

It is apparent that regional businesses fare the best when they are not competing solely on the basis of being the lowest cost global or national provider of a standardized product or service. Regional key employers can effectively compete in competitive arenas where the product/service has a commodity orientation provided: (1) the product/service serves a highly specialized niche market and/or is delivered with technology- or knowledge-intensive attributes, or (2) the product/service is produced and/or delivered through a technology- knowledge-intensive manufacturing process or delivery mechanism. Since the Lamoille County region is not a low cost region relative to other parts if the country or in comparison to the costs in the developing world, regional companies do not compete well over the long term in pure cost-driven, commodity markets or under commodity-like competitive conditions over the long-term.

2. Achieve superior levels of labor productivity through specialized training and/or knowledge.

   a. Pay at the regional median wage or better,
   
   b. Offer high-quality benefits to their employees to attract and retain a reliable, skilled workforce,
   
   c. Continuously invest in their workforce through training, personal development and incentives to take on responsibility for the company’s success.

These attributes are not attainable by simple decree or declaration. Based on this research, these attributes appear to be direct functions of competitive success in the global market place that include: (1) operations at high levels of production and service excellence; (2) operations successfully trading in national and international markets; and (3) operations that are driven by quality and customer satisfaction.

3. Maintain a continuous program of improvements to productive capacity and efficiency through capital investment.

The process of innovation and renewal to meet the needs of changing markets is a direct result of making significant and continuous investments in capital equipment and technology to innovate and achieve higher productivity and to discover new markets and ways to serve customer needs.

4. Utilize the region’s natural resource endowments to gain competitive advantage.

Because the region is not well endowed with many commercially viable natural resource processing opportunities (at least in a relative sense versus other parts of the country were such opportunities are more dominant), the best strategic opportunities for the Lamoille County region in this regard appear to lie within the travel and tourism sector.
VI. Long-Term Economic and Demographic Forecast

The next phase of the planning process then moved to taking a prospective look for the region though the development of a comprehensive set of "status quo" projections of population, households and employment in Lamoille County. This forecasting process began with a forecast of economic and demographic variables for the majority of the state as a whole. This method was dictated by two specific factors. First, the wider region is how the underlying dynamic input-output model is constructed. Second, Lamoille County is not an island and is becoming increasingly interconnected in its economic and demographic relationships with the rest of the state. Therefore, any examination of Lamoille County needs to look at the wider economic region in which it is located. Therefore, the nine counties as a whole was first forecast in order to understand the context within which Lamoille County will approach the future.

In general, economic activity governs an area’s growth in population. The economy’s size and health tends to dictates in and out-migration, relative wage levels, and personal incomes. Higher incomes influence quality of life factors, which in turn, influences demand on goods and services, employment levels, and hence future economic growth. This analysis examines recent economic trends and events to forecast the Lamoille County population and employment variables.

The Lamoille County regional employment and population projections were developed using an input-output model from Regional Economic Modeling, Inc. (REMI). The population projections for Lamoille County were developed using a statistical forecasting method that uses the Lamoille County share of the nine counties as the dependent variable. The forecasted shares are then applied to the forecasted total regional population to obtain the Lamoille County portion. The employment projections were approached in a similar manner, by using statistical analysis to forecast the Lamoille County share of the nine counties.

The forecast for households were accomplished by using Lamoille County’s headship rates, namely the propensity to form households, developed from the 2000 Census and applied to the projected population levels. Projections of households are used as a broad measure of the level of housing demand by assuming that every household will want a separate housing unit.

Population Projections

As stated above, the population projections for Lamoille County were derived from the population projections of the wider economic and geographic region. It is important to note that these forecasts represent a status quo forecast. Because they are based on the behavior of the population in the past, the forecast represents the likely direction of population growth with no changes in policy that could affect population growth. For example, policy changes such as zoning ordinances that affect

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8 The wider region used consists of Addison, Caledonia, Essex, Lamoille, Orange, Orleans, Washington, Windham and Windsor Counties.

9 Regional Economic Modeling, Inc. – Amherst, Mass.
Table 4. Lamoille County Population Projections

<table>
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</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>19,861</td>
<td>23,343</td>
<td>24,661</td>
<td>26,158</td>
<td>27,748</td>
<td>3,482</td>
<td>1.2%</td>
<td>4,405</td>
<td>1.2%</td>
</tr>
<tr>
<td>&lt;14</td>
<td>4,358</td>
<td>4,665</td>
<td>4,799</td>
<td>4,339</td>
<td>4,459</td>
<td>307</td>
<td>0.7%</td>
<td>(206)</td>
<td>(0.3%)</td>
</tr>
<tr>
<td>15-24</td>
<td>3,170</td>
<td>3,325</td>
<td>3,469</td>
<td>3,789</td>
<td>3,592</td>
<td>155</td>
<td>0.5%</td>
<td>267</td>
<td>0.5%</td>
</tr>
<tr>
<td>25-34</td>
<td>3,464</td>
<td>3,074</td>
<td>3,061</td>
<td>3,184</td>
<td>3,428</td>
<td>(390)</td>
<td>(1.2%)</td>
<td>354</td>
<td>0.7%</td>
</tr>
<tr>
<td>35-64</td>
<td>6,698</td>
<td>9,648</td>
<td>10,411</td>
<td>11,319</td>
<td>11,656</td>
<td>2,950</td>
<td>3.7%</td>
<td>2,008</td>
<td>1.3%</td>
</tr>
<tr>
<td>&gt;65</td>
<td>2,171</td>
<td>2,631</td>
<td>2,921</td>
<td>3,527</td>
<td>4,612</td>
<td>460</td>
<td>1.9%</td>
<td>1,981</td>
<td>3.8%</td>
</tr>
<tr>
<td>&gt;75</td>
<td>926</td>
<td>1,254</td>
<td>1,227</td>
<td>1,443</td>
<td>1,539</td>
<td>328</td>
<td>3.1%</td>
<td>285</td>
<td>1.4%</td>
</tr>
<tr>
<td>&lt;35</td>
<td>10,992</td>
<td>11,063</td>
<td>11,329</td>
<td>11,312</td>
<td>11,480</td>
<td>71</td>
<td>0.1%</td>
<td>417</td>
<td>0.2%</td>
</tr>
</tbody>
</table>

Notes:
CAA= Compound Average Annual Rate of Growth
Population data reported on a July 1 basis.

The density of development across Lamoille County may alter the pattern of future population change, and therefore result in future population growth that looks markedly different than the one presented here. Additionally, no forecast method exists that is able to predict discontinuous events. A significant event in the region, such as the loss or gain of a major employer, will also alter the pattern of future population growth and lead to results differing from those presented here.

Over the entire forecast period, 2000-2015, Lamoille County is expected to grow by approximately 4,459 people. That represents an average annual rate of growth of 1.2%. Table 4 shows the Lamoille County population forecasts broken out by age groups. Lamoille County is one of the areas in the state that had experienced slight growth in the amount of children under 14 between 1990 and 2000. This trend is not expected to continue, with an anticipated loss of approximately 206 over the forecast period.

The age group expected to see the largest absolute increase is the 35-64 group with an increase of 2,008. However, this increase represents a smaller average increase per year than seen between 1990 and 2000. This age group increased by 2,950 between 1990 and 2000, an average of approximately 295 per year. The average annual increase between 2000-2015 is expected to fall to approximately 132 per year. This will have dramatic repercussions on the available labor force over the next fifteen years.

One of the younger age groups, the 15-24 years is expected to continue its previous trend of increase over the next fifteen years. However, the next age group, the 25-34 year olds is expected to reverse its previous trend by increasing over the next 15 years. Combined, these two age groups are expected to add over 600 people over the next 15 years. This age group represents the upcoming replacement workers needed so it is good news that there will be an
Table 5. Lamoille County Household Projections

<table>
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<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>7,394</td>
<td>9,225</td>
<td>9,863</td>
<td>10,876</td>
<td>11,839</td>
<td>1,831</td>
<td>2.2%</td>
<td>2,614</td>
<td>1.7%</td>
</tr>
<tr>
<td>15-24</td>
<td>519</td>
<td>533</td>
<td>556</td>
<td>607</td>
<td>576</td>
<td>14</td>
<td>0.3%</td>
<td>43</td>
<td>0.5%</td>
</tr>
<tr>
<td>25-34</td>
<td>1,686</td>
<td>1,489</td>
<td>1,483</td>
<td>1,542</td>
<td>1,660</td>
<td>(197)</td>
<td>(1.2%)</td>
<td>171</td>
<td>0.7%</td>
</tr>
<tr>
<td>35-64</td>
<td>3,799</td>
<td>5,549</td>
<td>5,988</td>
<td>6,510</td>
<td>6,704</td>
<td>1,750</td>
<td>3.9%</td>
<td>1,155</td>
<td>1.3%</td>
</tr>
<tr>
<td>&gt;65</td>
<td>1,390</td>
<td>1,654</td>
<td>1,836</td>
<td>2,217</td>
<td>2,899</td>
<td>264</td>
<td>1.8%</td>
<td>1,245</td>
<td>3.8%</td>
</tr>
<tr>
<td>&gt;75</td>
<td>597</td>
<td>808</td>
<td>791</td>
<td>930</td>
<td>992</td>
<td>211</td>
<td>3.1%</td>
<td>184</td>
<td>1.4%</td>
</tr>
</tbody>
</table>

Notes:
CAA= Compound Average Annual Rate of Growth

increase as compared to the 1990s. However, the size of the gain is still cause for concern. For example, the 25-34 year old group will be hitting the next age group over the next fifteen years. With the increase in this group being small, combined with a smaller increase in the 35-64 year olds, there will continue to be less indigenous individuals in the prime labor force years, continuing a possible shortage of skilled, available workers.

**Household Projections**

The household projections for Lamoille County are derived from the forecasted population and headship rates derived from the 2000 Census. Headship rates measure the propensity of a population to form households. The headship rates are then applied to the forecasted population to derive a measure of household projections. This method has an advantage over using the average number of people per household figures in that it inherently accounts for the trend in changes in average household size.

Household projections are used here as a gross measure of future housing demand, going on the premise that every household wants a housing unit. This assumption does not incorporate the presence of multiple households in a single housing unit. More accurate measures of projected housing unit demand would include estimates of co-habituated units and other household dynamics. Housing unit supply estimates are also beyond the scope of this study. Those estimates would involve calculating likely vacancy rates, destruction rates, and building rates that could be expected to occur over the next 15 years.

Table 5 shows the projected number of households for Lamoille County by age groups. Over the next ten years, Lamoille County is expected to see an increase of 2,614 households or 1.7% average annual rate of growth. This increase is larger than the increase seen between 1990 and 2000 of 1,831 households. This difference between the amount of households added in the 1990s and the forecast period is due
Table 6. Lamoille County Nonfarm Employment Projections

<table>
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<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>11,648</td>
<td>15,063</td>
<td>16,260</td>
<td>17,749</td>
<td>19,455</td>
<td>3,415</td>
<td>2.6%</td>
<td>4,392</td>
<td>1.7%</td>
</tr>
<tr>
<td>AFF</td>
<td>223</td>
<td>389</td>
<td>430</td>
<td>541</td>
<td>686</td>
<td>166</td>
<td>5.7%</td>
<td>297</td>
<td>3.9%</td>
</tr>
<tr>
<td>Mining/Constr.</td>
<td>1,187</td>
<td>1,194</td>
<td>1,248</td>
<td>1,302</td>
<td>1,356</td>
<td>27</td>
<td>0.2%</td>
<td>162</td>
<td>0.9%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>640</td>
<td>1,310</td>
<td>1,450</td>
<td>1,582</td>
<td>1,725</td>
<td>670</td>
<td>7.4%</td>
<td>665</td>
<td>1.9%</td>
</tr>
<tr>
<td>TPU</td>
<td>292</td>
<td>394</td>
<td>425</td>
<td>455</td>
<td>488</td>
<td>102</td>
<td>3.0%</td>
<td>94</td>
<td>1.4%</td>
</tr>
<tr>
<td>Wholesale</td>
<td>233</td>
<td>238</td>
<td>251</td>
<td>259</td>
<td>268</td>
<td>5</td>
<td>0.2%</td>
<td>30</td>
<td>0.8%</td>
</tr>
<tr>
<td>Retail</td>
<td>2,218</td>
<td>2,981</td>
<td>3,185</td>
<td>3,498</td>
<td>3,857</td>
<td>763</td>
<td>3.0%</td>
<td>876</td>
<td>1.7%</td>
</tr>
<tr>
<td>FIRE</td>
<td>734</td>
<td>709</td>
<td>735</td>
<td>759</td>
<td>776</td>
<td>(25)</td>
<td>(0.3%)</td>
<td>67</td>
<td>0.6%</td>
</tr>
<tr>
<td>Services</td>
<td>4,683</td>
<td>6,103</td>
<td>6,715</td>
<td>7,458</td>
<td>8,306</td>
<td>1,420</td>
<td>2.7%</td>
<td>2,203</td>
<td>2.1%</td>
</tr>
<tr>
<td>Government</td>
<td>1,458</td>
<td>1,745</td>
<td>1,821</td>
<td>1,898</td>
<td>1,993</td>
<td>287</td>
<td>1.8%</td>
<td>248</td>
<td>0.9%</td>
</tr>
</tbody>
</table>

Notes: AFF = Agricultural Services, Forestry & Fishing  
TPU = Transportation & Public Utilities  
FIRE = Finance, Insurance & Real Estate  
CAA = Compound Annual Average Rate of Growth

mostly to the trend of decreasing household size. In 1990, the average household size was almost 3 people per household, whereas by 2000 that had decreased slightly over 2.5 people per household. So even though the 1990s saw a faster rate of population growth than is forecasted for 2000-2010, the trend of decreasing household size contributes to the larger growth in households over the 1990s. Over the forecast period, the average household size is expected to continue to decrease slightly, thereby continuing to affect the growth rate of households. Some of the household growth will be due to other demographic trends, such as an aging population that remains in their own households for longer periods than seen in previous history.

Again, it is important to note that the household projections are also a status quo forecast. The projections are based on the historic trend and are forecasted based on no significant policy or other macroeconomic changes occurring in the region.

Employment Projections

The employment projections for Lamoille County were accomplished with the same method as the population projections, with some added adjustments. First, the larger economic regional employment was forecasted. Second, Lamoille County’s share of the regional employment was forecasted and applied to the regional employment projections. Third, the 1-digit SIC code

10 It is important to note that the concept of employment used in these projections is the Bureau of Economic Analysis’ concept of employment. It constitutes a much broader inclusion of employment than another series, such as the employment data reported under the Covered Insurance Program (ES-202). The BEA’s concept of employment covers both full- and part-time employment as well as including proprietors and self-employment. Therefore, the employment numbers for history will appear higher than the numbers reported under the ES-202 series.
Sectors were projected using their historic share of the total employment in Lamoille County. Fourth, the projections were adjusted to account for the recent recession in the regional and state economies. Table 6 shows the Lamoille County employment projections by 1-digit SIC code.

Total nonfarm employment is expected to increase in Lamoille County by 4,392 jobs over the forecast period or at 1.7% per year. These rates of growth are lower than the growth experienced between 1990-2000, 2.6% per year. This slower growth is not expected to affect all the sectors, as it is in part a phenomenon of the mathematics and in part due to the recovering from the recent recession.

Following the historic trend, the Services sector is expected to see the majority of the employment increase, adding approximately 2,203 jobs over the forecast period which corresponds to an average annual rate of growth of 2.1%.

Also following historic trends, the Retail sector is expected to see the second largest gain in employment share, with an increase of approximately 876 jobs over the forecast period. This means that 2 large sectors, Services and Retail are expected to account for over 65% of the total growth in nonfarm employment over the next twelve years. This is not surprising given the structure of the Lamoille County economy, which has a strong travel and tourism component. Many of the sectors serving the travel and tourism trade can be found in the Services and Retail sector.
VII. Recommended Strategies for a “High Performance” Regional Economy

As mentioned above, efforts to find ways to invigorate the Lamoille County regional economy and diversify the county’s employment base have been discussed for the greater part of the last 25 years. The creation of Vermont’s system of regional economic development corporations arose from the State’s first, five-year economic plan that was published back in 1979. That plan established an iterative top-down and bottom-up planning and implementation process through a network of regional development corporations supported by the Vermont Department of Economic Development. With the State’s system of 10 regional development corporations and its integrated system of equity partners such as the Small Business Development Center, the Human Resources Investment Council, and the regional Workforce Investment Boards, the State is able to constantly devise-revise-implement leading edge economic development strategies and tactics to help build a high performance Vermont economy with a quality job base for the state and its regions.

This latest strategic planning effort was an extension of past initiatives to secure a brighter economic future for Lamoille County. It represented the next logical step in strategic economic development planning. The purpose of this effort for Lamoille County was to determine where the region wants to go economically and how it believes it can best get there. More specifically, this effort was intended: (1) to lay the groundwork for specific regional initiatives and resource allocations that will lead to an effective implementation plan for coordinated regional economic development efforts, (2) to clarify the region’s economic development priorities, (3) to complete an assessment of the region’s economic development environment and economic development resources, and (4) to identify and prioritize the relevant menu of economic development strategies.

This plan’s focus was to develop a specific set of private sector initiatives to accomplish one or more of the following objectives: (1) provide the greatest leverage for the region’s scarce economic development resources (e.g. in strategic partnerships with other groups inside and outside the Lamoille County region), (2) take the greatest advantage of the region’s current economic development assets, (3) identify regional economic development challenges that need to be addressed, and (4) identify alternatives that could be undertaken to discover new areas of opportunity to potentially be developed over a longer-term time horizon.

The Importance of a Private Sector Focus on Base Industries

Part of the puzzle of understanding the Lamoille County regional economy as outlined in the economic assessment discussed above is the realization that all industry sectors in the county are not created equal when it comes to economic performance and development. A region’s economy—including that of Lamoille County—is comprised of numerous participants interacting with each other as buyers and sellers of goods and services—where the outputs of some are the inputs to others.
Throughout the county, Industry A supplies goods to Industry B, which, in turn, supplies its goods to Industry C, where they are made into products that are sold to final consumer markets. At each leg of the production cycle, value is added until the product or service is ready for use in final demand. Productivity of capital and labor and the economic linkages within a region determine the economic reach of each industry participant in the Lamoille County economy.

Why are some industries more significant than others and why is it important to know the difference in economic development? Industries primarily engaged in serving markets outside the region are termed by economic development professionals as “base industries.” Base industries comprise the engines or underlying driving forces of a regional economy. These economic engine sectors import dollars into the region as they sell their product or service to customers outside the county, and thereby bring new dollars into the county’s economy. These imported dollars are paid to workers in the county who then spend and re-spend those dollars throughout the county—thereby increasing the level of activity and the standard of living of residents as value is added and income is earned incrementally at each step of the way. This process is referred to by economists as the multiplier effect.

This dollar-importing activity is crucial for maintaining the vitality of a region through increased personal income and the provision of new and replacement public resources that are required to sustain and improve the overall quality of life of the county’s residents. This is a crucial dynamic in strategic economic development for Lamoille County. A healthy and sustainable economy functions much like a biological organism. At all times, portions of the organism are growing to replace those parts of the economy that become weak, mature-age, and then atrophy.

All of the strategies identified in this section of the plan reflect an overall strategic approach that emphasizes the following in order of priority: (1) job retention, (2) expansion of existing County businesses, and (3) selective and targeted recruitment to help diversify the region’s employment base.

Additionally, these strategy recommendations are intended to help crystallize and communicate a vision of strategic economic development that can provide a framework for addressing the economic development climate and specific opportunities and challenges in the region. These recommended strategies are suggested courses of action from the Steering Committee. They address both the short-term and long-term time planning horizon. Implementation involves many overarching issues that require participation with strategic partners to leverage available resources to be implemented. Lastly, these recommendations are intended to stimulate additional discussion within and among the sponsoring organizations of this effort, as well as with others that are involved with economic development in the Lamoille County region. This discussion is critical so that economic development and related services providers can approach these opportunities and challenges in an informed, timely, and proactive manner.
Recommended Actions:

A. Design strategies to build sustainable competitiveness in the region’s key industries and businesses. By focusing the region’s economic development efforts and limited resources on those regional economic drivers, a commitment is being made to target efforts and resources to where they have the greatest potential to leverage other economic development resources and achieve success.

Tasks:

1. Complete an inventory of all potential economic development strategies based on the research and information that was reviewed and analyzed during this strategic planning effort (within 30 days) [Status: COMPLETE].

2. Categorize and prioritize that inventory of candidate strategies into a specific set of not more than 10 economic-business development strategies for further development and refinement by the regional steering committee (within 30 days) [Status: COMPLETE].

3. Complete a strategic partnering plan for “supporting role” strategies (within 180 days of the completion of this first draft plan) [Status: UNDERWAY].

Strategy #1: Business Retention and Recruitment

Augment existing LEDC efforts to implement an aggressive and targeted business retention-expansion and recruitment program focused on regional economic driver sectors and existing significant regional employers.

Primary Responsibility: Lamoille Economic Development Corporation

Economic Development Significance:
The region has experienced a significant decline in higher paying manufacturing jobs over the last decade at the very same time it has experienced an increase in lower paying service oriented jobs. As a result, the regional economy has underperformed in many areas, including the rate of wage growth and the income growth of residents in the County. Lower rates of growth and lower relative levels disposable income for regional residents leads to lower reinvestment in the region and, eventually, a deterioration in many aspects of the region’s quality of life. By retaining well-paying jobs, by helping existing successful businesses in the region to expand, and by bringing in new businesses with higher paying jobs into the region, it will be possible to help diversify the regional business-job base, and to encourage new investment and reinvestment in the region to the benefit of all of the County’s businesses and residents.

Business-job retention and the expansion of existing, successful regional businesses will each be a critical part for securing an annual net new job growth target of 35 jobs per year in the region’s dollar-importing, economic engine industries. However, simply doing “more of a good thing” has its limits over the longer-term, and any strategy to develop-grow the regional economy will need to include a recruitment strategy.
The objective of this recruitment strategy will be to help broaden the regional business-job base into new, currently under-represented industries that: (1) have a competitiveness profile that fits the regional profile for success, and/or (2) are comparable on critical factors that successful regional companies employ to achieve their success.

I. Recommended Actions to Strategically Retain-Expand Existing Businesses to the Region

Recommended Actions:

A. Devise a communications approach designed to improve regional awareness about resources available to businesses, including other economic development and economic development-related services providers. Although this action has elements of business recruitment as well as retention-expansion, this recommended action is categorized here under this strategy’s first priority activity area.

Tasks:

1. Develop a Business Resource Guide that inventories economic development and business support services in the region. The Business Resource Guide should have a print and a web component, and include a commercial space database on-line (Within 180 days).

2. Develop a public communications plan to publicize the availability of this guide (Within 180 days).

3. Update information as needed (On-going—not less than every 60 days).

B. Identify and formulate specific steps to reduce the cost of doing business in the region. Although this recommended action also has a direct connection to business expansion and recruitment, it is categorized here under the first priority of this retention-expansion and recruitment strategy.

Tasks:

1. Establish an ad hoc regional advisory group and convene a semi-annual meeting to update local accountants, consultants, and business advisors on status of business activity in the county and solicit ideas from them on how to improve the regional business climate (Within 180 days and on-going).

2. Identify areas of focus and formulate specific positions of importance to the region and devise an advocacy strategy (including policy-legislative proposals as indicated) for coordinated regional implementation-action (Within 180 days and On-going).

Policies should cover at least the following areas:

a. Lower electricity costs in the region (support for the VELCO transmission system upgrade project, and advocacy for increased cogeneration and use of renewable resources in the region).
b. Advocacy for business-friendly solutions to rising health care insurance costs and workers’ compensation insurance reforms,

c. Technical assistance to businesses and municipalities seeking to apply for financial incentives under the Vermont Economic Progress Council (VEPC) incentives program, and

d. Technical assistance to the LCPC for assisting individuals or businesses to utilize Towns’ Downtown or Village Center designation which are designed to re-build those former centers of commercial activity in the region.

C. Using information from A. and B. above, initiate a short-term business contact-visitation program to augment existing LEDC efforts designed to have meaningful contact with all decision-maker representatives of all of the region’s current economic driver companies on a structured, systematic basis. This contact program should be designed to constantly update the LEDC’s understanding about what is going on at the County’s major “economic engine” companies, and to gain helpful insight into the needs and goals of the County’s successful companies.

Tasks:

1. Utilize the ad hoc advisory group in A. above to develop the substance of the first year business visitation-contact program and tailor message to retention-expansion circumstances of each company visit (Within 60 days).

2. Develop a list of the recommended company contacts in the region’s key “economic engine” sectors (Within 120 days).

3. Prioritize into “growing-expanding,” “at risk,” and “stable” categories (Within 360 days).

4. Expand the ad hoc advisory group in A. above into a coordinated group of strategic retention teams (with the required specialized trouble-shooting expertise) that include credible business people by functional type to leverage the LEDC’s limited staff resources and the resources of its strategic partners (Within 180 calendar days).

5. Complete the first round of visits to “at risk” regional companies with particular emphasis on employers with out-of-state or out-of-the Lamoille County region decision-makers to identify regional companies that have “good expansion potential,” are “at risk” or are “potentially at risk” (Within 180 days).

6. Continually monitor local management changes at existing County businesses—with particular focus on the County’s key, economic driver sectors, and develop business visit-contact materials to assist new regional management as to what is available to assist them in the County-state (Complete initial program set-up within 180 days; Update as needed on an on-going basis).
7. Complete the first round of visits for all remaining regional companies (Within 365 days).

8. Update, repeat, and modify contact-visitation program content, target companies, and contact-visits schedule as needed (On-going).

D. Based on A. and B. above, develop protocols—including referral networks of business contacts in the County—to efficiently handle requests for technical and trouble-shooting assistance for County businesses.

Tasks:

1. Complete inventory of technical assistance and trouble-shooting resources and assemble into response packages (Within 180 days).

2. Develop follow-up procedures (e.g. schedule a follow-up visit, contact materials to evaluate this assistance and how it could be improved, etc.) to assure that requested assistance was received and useful (Within 180 days).

II. Recommended Actions to Strategically Recruit New Businesses to the Region

Recommended Actions:

A. Undertake an aggressive and targeted recruitment effort that builds on the region’s current sources of economic success, and identifies future recruitment opportunities to help diversify the regional economy. This strategic approach should leverage the region’s economic development assets (e.g. recreation resources) to identify and incorporate new strategic industry sectors that are not presently in the region but have similar competitive attributes for success.

Currently, the list of strategic dollar-importing, economic engine sectors includes (as outlined previously):

1. Destination tourism
2. Recreational equipment manufacturing
3. Consumer durables manufacturing
4. High tech-professional-scientific
5. Wood products (in carefully chosen markets)
6. Specialty textiles (in carefully chosen markets)

Industries with similar characteristics or industries deemed strategic at state level:

1. Specialty foods
2. Renewable energy

The LEDC needs to work to expand the inventory of available tools and programs available for economic-business development in the County to include those tools regional economic development toolbox that could be employed to strategically recruit candidate companies to the region.

Tasks:
1. Inventory the range of financial and other tools that may be employed in a strategic economic development recruitment program that appeal to the lifestyle characteristics and the functional profile of successful businesses in the region (Within 90 days).

2. Assemble the inventoried tools into specific, tailored strategic recruitment “toolboxes” for each key “economic engine” sector in the region and assemble written promotional materials with respect to each (Within 120 days).

B. Undertake a coordinated recruitment program to help diversify the County job base through the attraction of quality employers into Lamoille County that have the functional-other competitiveness characteristics that offer good potential for sustained success for the region. These candidate companies would ideally include a mix of companies in currently successful sectors and those in high-growth potential sectors that represent future key economic driver sectors that are currently under-represented in the structure of region’s economy.

Tasks:

1. Further refine the functional profile of the key, economic driver sectors in the economic assessment for the region to develop a profile of the target of business to be recruited: high design content, heavy R&D focus, leading edge production, low value/high margin products, relatively small (< 50 employees) to develop candidate targets (Within 90 days).

2. Develop a tailored message for each key sector, focused on the specific advantages of the region for the key economic engine sectors, including those that currently exist and those that are likely to be developed by Lamoille County in the future (Within 180 days).

3. Determine what types of companies would be attracted to that approach over the short-, medium-, and long-term time horizons. Develop candidate company target lists through secondary research (e.g. industry associations and internet research, etc.) that correspond to those time horizons (Within 180 days).

4. Develop a “living contact list” of realtors in county regarding help with relocating businesses. Establish a protocol for referring in-movers to LEDC as well as to local business organizations such as the Lamoille Valley Chamber of Commerce and the Stowe Area Association (Within 365 days).

5. Develop a contact-visit program related to Task 2. above and present the story to not less than 10 candidate companies (Within 270 days).

6. Complete first round of recruitment visits to “high potential” candidate companies (Within 365 days).
7. Develop a strategy for recruiting, including network of retired business people in the county, University of Vermont and Johnson State College alumni lists, etc. (Within 365 days).

8. Devise an approach for better utilizing the experience of international companies that might be interested in the region by examining the examples of Decart, Karl Suss, and Metalart for the purposes of replicating regional business development success (Within 365 days).

C. Integrate this strategic recruitment plan into the fabric of the region’s already successful hospitality industry to take advantage of the large numbers of regional tourists that are potential business decision-makers/owners of businesses that could be successful in the region.

Tasks:

1. Create and publish a generic Consider Vermont for Your Business brochure to spark dialog with interested travelers. This brochure should be a desktop publication-low cost and easy to update (Within 60 days and on-going).

2. Place business brochure and LEDC director’s cards around region at various high traffic tourism attractions and areas. Back up the brochure with other information delivery methods (e.g. website, e-mail, powerpoint) to keep the story updated and in the minds of Lamoille County citizens who can and will deliver the pitch (Within 120 days).

3. Develop a business recruitment road show and a follow-up tour of selected areas in the county. Road show will include LEDC director, a banker, a realtor, a legislator, and other needed expertise and credible business persons with a positive message to share about owning, investing, and or growing a business in Lamoille County (Within 180 days).

4. Share and coordinate the story with recruiting teams at the state level and in adjacent RDC areas to advance inter-regional cooperation (Within 180 days).

5. Identify people to pitch to by working with Stowe Area Association, Topnotch, Stoweflake and other large attractions. This activity should dovetail with the State’s recruitment program (Within 270 days).

6. Develop a strategy for contacting and flowing-up leads with second home owners in the region as targets for business recruiting. This activity should dovetail with the State’s recruitment program (Within 270 days).

Strategy #2: Business Incubation to Help Diversify the Economy

Coordinate the development of business incubation in the Lamoille County region to encourage entrepreneurial activity and new business development in cooperation with strategic partners focusing on key regional industries.

Primary Responsibility: Lamoille Economic Development Corporation
Economic Development Significance:
Most existing businesses in the Lamoille County region actually were started in the region and grew here. Business incubators can enhance the likelihood of success for regional entrepreneurs. Economic development experience throughout the country shows that incubators generate new jobs and income to a region or community. According to the National Business Incubators Association (NBIA):

(1) For every $1 of estimated annual public operating subsidy provided the incubator, clients and graduates of NBIA member incubators generate approximately $45 in local tax revenue alone,

(2) NBIA members also report that 84 percent of incubator graduates stay in their communities and continue to provide a return to their investors, and (3) Every 50 jobs created by an incubator client on average generate an additional 25 jobs in the community.

Recommended Actions:

A. Develop a five-year business plan for up to three business incubators in the Lamoille County region to serve as a magnet for regional entrepreneurial activity.

Tasks:

1. Assess the potential to revitalize the existing Cambridge incubator building by improving the building and gradually moving tenants to market rents (Within 90 days).

2. Identify additional towns in the region that offer potential to financially support an incubator facility, including assessment of prospective business demand, infrastructure needs, and level and nature of support from identified town governments in the region (Within 180 days).

B. Develop at least one incubator initiative in Lamoille County in at least one of the region’s key dollar-importing sectors.

Tasks:

1. Identify opportunities to develop strategic partnerships (e.g. with the SBDC, VMEC, USDA Rural Development, the EDA, the Vermont State Colleges, and others) to support this effort (Within 60 days).

2. Develop a conceptual plan (including roles, responsibilities and a timeline) for coordinating with strategic partners for developing an incubator in one of the region’s strategic dollar-importing, economic engine sectors (Within 180 days).

3. Identify opportunities for developing such an incubator facility at specific locations (e.g. Locke lots, railroad engine shed, VEC building, Johnson talc mine) and match to business requirements for the above incubator concept-plan (Within 270 days).

4. Identify and design method of approach for obtaining the financial resources needed to support the development and operations of such an incubator facility (Within 270 days).

5. Complete risk assessment and identify any shortcomings in business support services required to suc-
cessfully implement the incubator plan (e.g. need for research certification or a design school) for implementation of the above-incubator conceptual plan (Within 270 days).

6. Begin implementation of competed plan (Within 365 days).

7. Repeat steps #1-#6 for Incubator #2 (Within 730 days).

8. Repeat steps #1-#6 for Incubator #3 (Within 995 days).

Strategy #3: Capitalization to Support Entrepreneurs and Job Retention

Build regional capacity to access sufficient sources of capital\(^\text{11}\) to adequately fund the expansion and development of Lamoille County businesses.

**Primary Responsibility:** Lamoille Economic Development Corporation

**Economic Development Significance:**
The economic development resources assessment process identified access to adequate and affordable sources of debt capital and equity capital was important for many of the region’s strategic economic sectors and for other businesses in the region as well. The plan noted that affordably-priced early stage equity and seed capital was in particularly short supply in the region. However, the plan’s Steering Committee also noted that this access issue was typical for many regions throughout the State, and was not a problem that was specific to the Lamoille County region.

**Recommended Actions:**

A. Review lending guidelines for the Morristown Development Fund and the Lamoille County Revolving Fund with a view toward revitalizing these funds and optimizing their use for economic development.

**Tasks:**

1. Review and update lending guidelines and fund bylaws to reflect community driven needs and requirements (Within 120 days).

2. Confirm with state partners that revised lending guidelines keep Morristown and Lamoille County eligible for future grants of loan funds (Within 120 days).

3. Confirm with local bankers that the revolving funds are not competing with local banks (Within 120 days).

4. Identify any gaps in debt financing that might appropriately be addressed by the revolving loan funds (Within 180 days).

B. Develop a better understanding of the early stage equity and debt capital and other financial resources available in the state and establish direct links to those re-
sources for Lamoille County businesses and entrepreneurs.

Tasks:

1. Conduct basic research to procure, review, and summarize the debt capital and equity capital (if any) aspects of the current session’s jobs oriented legislation (Within 60 days).

2. Complete basic research (e.g. through ThinkVermont.com and other sources) to understand the current status, the ability to access, and the requirements for accessing current sources of equity and early-stage debt financing in the northwest region and Vermont in general (Within 120 days).

3. Develop a strategy for establishing direct regional linkages to those capital sources and publish those linkages on the LEDC web site (Within 180 days).

C. Develop regional knowledge and know-how for raising and/or gaining access to early-stage capital sources (e.g. so-called mezzanine debt and equity capital sources). This recommended action will develop options for new business start-ups and owners of existing strategic businesses in the region to further expand and grow their businesses within Lamoille County.

Tasks:

1. Inventory New England regional funds that could be accessed by regional start-up businesses (Within 180 days).

2. Make initial contacts with those funds to develop an understanding of their deal requirements (e.g. size, industry sector, scope of business plan, presentation requirements, geographic location, etc.) for regional businesses (Within 270 days).

3. Develop an inventory of high income-high net worth investors that could be available to regional start-up and other businesses (including a general assessment-inventory of deal requirements) (Within 360 days).

D. Develop a strategic approach for developing attractive regional buy-out or exit strategy options for Lamoille County’s business owners.

Tasks:

1. Conduct a targeted business visitation program (to complement the effort in Strategy 1 above to promote business-job retention) to identify “at risk” regional businesses in Lamoille County’s strategic dollar-importing industries (Within 180 days).

2. Identify range of capital options including private equity funds (e.g. industry based), private sector sources, state and federal governmental funding sources, foundations, and existing “angel” investor networks in Vermont and New England that could be used as an option for the region for such buy-outs (Within 180 days).

3. Expand the initial “angel” investor inventory to include high income-high net worth individuals in the New
England region with potential as buy-out investors for the Lamoille County region (Within 180 days).

**Strategy #4: Workforce Development and Training**

Work cooperatively with regional partners to implement the regional Workforce Investment Board’s 2001 strategic plan and to ensure that requisite skills sets support county businesses are available to both the incumbent (existing) and future workforce.

**Primary Responsibility:** Lamoille Valley Workforce Investment Board with strategic support of the LEDC and its partners

**Economic Development Significance:** The economic assessment process of this plan revealed employer concerns of workforce quality and a potential future shortage in the quantity of skilled workers. These concerns are not unique to Lamoille County and follow a theme heard throughout the state, and even the country. A prepared and educated workforce is critical to the competitive success of the existing base of key industries and the region’s ability to diversify its job base into sectors that offer promising prospects for the future. The Steering Committee also expressed concern about critical skills shortages in several supporting sectors of the region’s key, dollar-importing industries as well (e.g. in certain highly-skilled trades).

The term “global competitiveness” has taken on a darker meaning recently compared to a few years ago when it generally referred to the need for advanced manufacturing skills and equipment. Now, both manufacturing and most recently, information technology jobs are moving to lower cost countries. To be competitive in this global economy, American workers would need to work for about 10 to 20% of minimum wage with no benefits. This is not possible if we are to maintain our present standard of living. We are therefore faced with the challenge of making sure it doesn’t happen. Preparing our workforce in this rapidly changing workplace is daunting. Employees, for their part, must prepare to be flexible and continual learners in order to prosper. So, too, must the system that prepares them have the same commitment to flexibility and the structure-services to encourage such lifelong learning as well. Our organizations involved in workforce development must strive to be constantly “ahead of the curve” concerning expanding job opportunities and be prepared to deliver the required skills for our residents to fill them.

For Lamoille County businesses to be able to complete in their particular markets, whether that be local, regional, or global, workforce development, training, and education needs to be at the very top of the critical “enabling” priorities list in the region. There is an impressive list of state and county-wide organizations involved in various aspects of workforce education and training and the many individuals and groups hard at work on related critical aspects. In theory, the regional Workforce Investment Board (or the Lamoille Valley Workforce Investment Board or LVWIB) was started and funded by federal grant money to oversee all of the various training efforts and make sure they were coordinated in their work. Over the last several years, the federal support has all but disap-
peared leaving the WIB to rely on a state grant that amounts to only a modest percentage of the funds needed to be truly effective in achieving its mission.

Realizing that additional state funding is unlikely in the near-term future, the WIB has aligned itself with the local Green Mountain Technology and Career Center (GMTCC), a public secondary technical school. This arrangement is permitting the modest state WIB grant to be leveraged by expanding the role of an existing institution. Although only in its first year, this alignment shows promise in sustaining the activities of the WIB for the long-term. It promises to be a successful alignment for other reasons as well. GMTCC is the primary provider of workplace skill training in the region. It is therefore a good strategy for the WIB to have a strong voice in policy development for the Center.

In addition, the Community College of Vermont (CCV) and Johnson State College (JSC) also have important roles in current and future workforce development efforts in the region. Any successful work force development strategy would include significant roles for both in this regard, and the Steering Committee felt believes that each is a critical part of the county’s strategic regional partnership to develop and maintain work force excellence now and in the future.

Successful workforce development cannot be simply a supply-side effort. Businesses cannot expect well trained people to be widely available to work at “low” wages. If wages are not in sync with worker income goals, a well prepared worker will often move to a better situation as soon as possible whether it be across the street or in another region of the state. One effective, and currently under-utilized method in the region for business to promote and support workforce education and training is to support and reward workers for their initiative. This can be done through various forms of tuition assistance and/or commitments to pay higher wages upon successful completion of approved programs.

Published reports indicate that IBM spends an average of $250 annually per employee on training, over $800 million annually on a company-wide basis. IBM understands the connection between increased morale, productivity, and workforce training. The assessment survey of local businesses revealed that few Lamoille County businesses have an annual training budget. Promoting the concept of budgeted training dollars for our businesses is a challenge and opportunity for the WIB. It may also be a policy issue that it can assist LEDC pursue at the VT Department of Economic Development.

**Recommended Actions:**

**A. Work cooperatively with regional partners to better communicate the LVWIB’s activities to regional employers as well as the services and/or organizations already available to assist employees improve basic skills, advanced skills, supervisory skills, etc.**

**Tasks:**

1. Build on existing GMTCC-WIB efforts and work cooperatively with regional partners such as the CCV and JSC to complete an on-going, tar-
gated communications effort to better inform area employers regarding existing area training and education programs. Assist in the design of specific communications materials and assist in devising a WIB strategy (e.g. an e-communications strategy, and/or a direct mail approach) to reach all identified client regional businesses that could benefit from this information within the next calendar year (Within 180 days).

2. Work cooperatively with the GMTCC-WIB, CCV, JSC, and area high schools, and build on existing efforts to develop (and expand the coverage of) collaborative activities to strengthen "work readiness" or "soft" skills for current students (future workforce) and the incumbent work force (Within 360 days).

3. Work cooperatively to build on existing GMTCC-WIB efforts to expand the delivery of secondary and post secondary educational programs in the region, including the availability of degree programs and adult education from the region's institutions of higher education, that support the region's key, economic driver sectors as identified in this plan (Within 360 days).

4. Using the information of the business visitation program, identify strategic leveraging opportunities for the LEDC to assist in the GMTCC-WIB’s and other partners' continuing efforts to help employers make better use of their tuition reimbursement policies and reduce scheduling obstacles so employees can attend such courses and training (On-going with Adult-Ed at GMTCC).

5. Work in conjunction with the GMTCC-WIB, CCV and JSC to develop the correct workforce development-education approach-policies to support the creation of quality job opportunities in the region and continue to advocate for the above in the State Legislature and the U.S. Congress, and with the State administration. This advocacy should also include support for appropriate funding and resources to have effective business support programs in the region such as the VT Jobs Training Program, VT Manufacturers Extension Center, and the Small Business Development Center as important resources in the delivery of specialized workforce training and education (On-going).

B. The WIB can publicly support the development of new programs at Green Mountain Technology and Career Center (GMTCC) that will support our key base industries.

Tasks:

1. Work cooperatively to build on existing GMTCC-WIB efforts to encourage area employers to be more active in jointly articulating—in coordination with area education and training providers such as JSC and CCV—the specific skills sets and knowledge base needed to succeed and earn a good living in their respective industry sectors (Within 180 days).

2. Provide support for the WIB in the planning of and the communicating of the need for an expansion of: (1)
GMTCC to house new programs that support the region’s key industries, and (2) to support new programs at other regional partners in this effort such as the CCV and JSC. The LEDC could assist this task by supporting the WIB to effectively communicate the need for both the new programs and the facility expansion in the public arena (On-going).

Basic skills in the context of this strategic plan include literacy, numeracy, functional, and consumer math, and familiarity with basic computer applications. Advanced skills will be specified by employers and may include, for example, more advanced technology capabilities, customer service skills, manufacturing skills, or medical transcription.

C. Work with regional and state partners to establish the LVWIB as a credible management entity for coordinating the myriad of workforce development and training programs and services that are provided in the region.

Tasks:

1. Work cooperatively with local and state agencies, and the Legislature, to find stable, additional and sufficient revenue streams for the WIB and its partners to facilitate systematic workforce development planning that strengthens the short-term and long-term skills and knowledge base (On-going).

2. Support our two school district’s management efforts to increase collaboration among schools to recruit and retain difficult-to-fill educator positions (On-going).

D. Continue to work with regional partners to strengthen and expand the delivery of secondary and post secondary educational programs that support the strategic dollar-importing sectors. These initiatives should consider expanding the availability of degree programs as well as adult education from the region’s institutions of higher education.

Tasks:

1. Improve awareness of existing LVWIB efforts through the Business Resource Guide, input into company visits, education of the ad hoc business advisory group and outreach into industry groups, including the tourism industry (On-going).

2. Encourage increased parental involvement and a greater level of teacher-parent communication toward building a positive work force culture in the region (Within 180 days).

3. Work cooperatively with People in Partnership to expand community service, mentoring, and work experience opportunities for students including exposure to micro-businesses (Within 240 days).

4. Work cooperatively with local businesses to facilitate more active engagement of business with local schools in supporting the strengthening of basic English, math, reasoning, logic, and problem-solving skills, while encouraging employers to in-
crease the number of opportunities for student interns and job-shadows to practice applying and valuing such skills (Within 360 days).

5. Continue to work with state and regional partners to advocate for programs at GMTCC, JSC, CCV or other institutions as needed to fill shortcomings in business support services (Within 360 days).

6. Reevaluate the Lamoille Valley Service Excellence Initiative of LBETA. (This project has already defined standards for service excellence for employees) to determine why the effort did not initially succeed, and if and how, it can be restarted (Within 90 days).

7. Investigate the adaptation appropriate for the Lamoille region of successful models (such as “Learn To Earn,” Summer Tech Camp) for the purpose of instituting a comparable program in the near future (Within 240 days).

Strategy #5: Develop Infrastructure “Readiness”

Build and maintain the needed regional infrastructure to support the development of a high performance regional economy in Lamoille County.

Primary Responsibility: Lamoille County Planning Commission, Lamoille Economic Development Corporation

Economic Development Significance: The availability of critical, high quality infrastructure is essential to attracting and retaining a diverse base of globally-competitive businesses in the Lamoille County region. The efficient movement of goods, people, and information into and out of the region is crucial, if regional businesses—especially those in the region’s present and future mix of key dollar-importing businesses—are going to be able to effectively compete on the world stage both abroad and here at home.

Recommended Actions:
A. Complete a comprehensive inventory of the region’s key economic development and other related business-support infrastructure—including both traditional and non-traditional infrastructure assets (highways, air, recreational trails and assets, water, wastewater, energy, gas, telecommunications, and solid waste)—on a town-by-town basis.

Tasks:
1. Evaluate existing inventory information contained within the Lamoille County Regional Plan, Municipal Plans and other existing inventory resources (Within 90 days).

2. Create accessible formats including digital and resource guide reports outlining the existing infrastructure network and inventories (Within 90 days).

3. Inform key regional leadership including community boards, regional boards, realtors, housing and business developers, state partners and other related parties regarding the existing resource inventories (Within 60 days).
4. Prioritize development of inventory resources and development strategy including funding and responsible parties (Within 30 days).

5. Implement development of remaining infrastructure inventories (Within 365 days).

B. Identify gaps in needed economic development and business support infrastructure. Design regional strategies-steps to address any gaps or deficiencies in those identified critical economic development infrastructure assets and design a strategy for asset maintenance on a “region-wide systems” basis.

Tasks:

1. In coordination with existing regional partnerships and development prioritization programs, develop a comprehensive list of regional infrastructure assets requiring additional build out or maintenance including the following resources: highways, air, recreational trails and assets, water, wastewater, energy, gas, telecommunications, and solid waste (Within 180 days).

2. Identify program funding, partnerships and timelines to address identified deficiencies (Within 90 days).

3. Implement and monitor infrastructure build out and maintenance plans (On-going).

4. Assist municipalities in identifying and designating Growth Centers with their community to facilitate a broad range of land uses, specifically including commercial and industrial uses (Within 365 days).

5. Assist communities in planning for infrastructure construction and extensions within designated growth centers and in towns that have up to date Capital Budgets in place (Within 365 days).

6. Assist communities in developing Capital Budgets in order to plan for future infrastructure investments and expansions (Within 365 days).

7. Assist communities in designing industrial and business amenities, including access to major transportation routes, water, sewer, communications, and employment base (Within 365 days).

C. Develop communications strategy effectively communicate the availability of those critical infrastructure assets through a variety of media—including printed materials, electronic, and other means as may be necessary to elevate regional awareness of the availability of those services. Update this strategy periodically.

Tasks:

1. Post infrastructure project status reports at the LEDC and LCPC websites and detail in annual written reports (On-going).

2. Advertise economic development success stories that directly link to infrastructure enhancements or upgrades (On-going).
D. Develop and implement proactive measures to assure that there is an adequate inventory of available sites to meet the economic development needs of the strategic key industries and these projects will be undertaken in an expedited development review climate in the region.

Tasks:

1. Review existing economic development sites in each community assessing infrastructure readiness, permitting readiness, and conformance with the local and regional plan; incorporate into the commercial/industrial database and meet with landowners to determine marketing interests (Within 240 days).

2. Following the assessment of available development sites, identify site gaps and outline remaining steps to full development readiness. Work with key partners to complete readiness steps. Incorporate sites into regional commercial industrial database (Within 365 days).

3. Identify specific key industry site needs and seek to fit the needs with existing or potential site availability. Where site requirements do not exist, determine the feasibility of implementing measures to upgrade infrastructure, permit readiness, local/regional plan conformance, and landowner interest. If feasible, work with key partners to advance new site locations (Within 365 days).

Strategy #6: Proactive Permitting Process

Design and implement a seamless regional approach to permitting and development review in the Lamoille County region. This would be based on a culture of cooperation and proactive measures specifically designed to reduce permitting and development review delays and duplication on all levels in order to advance current and future economic development needs of key, dollar importing and other industries.

Primary Responsibility: Lamoille County Planning Commission (with support from Lamoille Economic Development Corporation)

Economic Development Significance: Given the perceived negative “doing business” reputation of the State—whether deserved or not—the region needs to facilitate the smooth and efficient handling of economic development opportunities and applications. The region needs to assess, organize, and streamline the development review process so that the development review process is seamless, efficient, and predictable. This step is crucial for attaining the annual net job growth target (35 jobs in strategic, dollar-importing sectors per year).

Recommended Actions:

A. Create a “virtual” development process clearinghouse housed at and coordinated by the LCPC to proactively expedite strategic economic development projects in key regional dollar-importing sectors. This clearinghouse would be designed to meet the current and future economic development needs of its key, dollar-importing
sectors and other industries in the region.

Tasks:

1. Provide a step by step outline of how to navigate the local and state permitting systems for the region and for each community in the region (Within 180 days).

2. Post links to state permitting process, the state permitting assistance program, and add a special service contact for direct questions (Within 90 days).

3. Post community bylaws and ordinances, and key contacts, as well as specific timelines and how to gain assistance at the local level (Within 90 days).

B. Create a “Development Process Facilitation Task Force” to make recommendations for improving the coordination of and streamlining of the development review process in the region on both the state and local levels (e.g. education programs for those involved in local development review, etc.).

Tasks:

1. Implement a permit assessment process to survey users of the permit system with regards to their experience to identify areas for local, regional, and state improvement and to clarify whether or not there is a widespread issue with the permitting process or only the perception of difficulties (Within 240 days).

2. Review the existing level of training and of local review bodies and municipal officers responsible for implementing local permit processes (Within 240 days).

3. Implement a responsive program to develop ongoing refresher training for existing volunteers to address key issues, developing issues, and new regulations (Within 365 days).

4. Implement a new member training program to address readiness for the positions of community volunteer on a permitting or planning board (Within 365 days).

Strategy #7: Quality of Life

The institutions and private citizens of the Lamoille County region will build a regional quality of life that fits its economic development goals of a safe, stimulating and inclusive region that offers good schools and opportunity for its young people, and respects the region’s values, natural beauty, and resources (including both natural and constructed).

Primary Responsibility: Stowe Area Association, Lamoille Valley Chamber of Commerce, Regional Agencies, Lamoille County Planning Commission

Economic Development Significance: “Quality of life” is becoming an increasingly important aspect of economic development. It is a key ingredient of what is needed for a region to attract and retain the type of talented work force that is required for a high performance economy. Having a “ready and able” work force with the proper skill sets for the regional economy was identified as a critical part of what is need to
achieve the regional 35 net new jobs target per year in key, dollar-importing sectors. A desirable quality of life is an integral part of addressing the work force needs of the region so that the region’s key, dollar-importing industries can thrive in the 21st century.

Recommended Actions:

A. Establish a “quality-of-life” commission or team-group composed of a cross-section of the region’s residents that is charged with the responsibility of creating the proper environment in the region that is attractive for the region’s key, dollar-importing industries and entrepreneurs. This effort will involve working closely with a diverse group of organizations, businesses, institutions, and individuals in the Lamoille County region.

Tasks:

1. Identify key partners for the “quality-of-life” commission or identify and existing group that may encompass this mission. Coordinate the Commission to spearhead efforts to enhance regional “quality-of-life” assets (Within 180 days).

2. Conduct an assessment of existing regional marketing/informational tools that provide consumers with information regarding “quality of life” indicators and opportunities (i.e. Shopping, attractions, recreation, events, health care, public safety, child care, social services, transportation, ecumenical, cultural, and the arts). Identify gaps and redundancies in information offerings. Develop a coordinated regional marketing/informational program with regional partners from the various sectors (Within 365 days).

3. Work with the Lamoille County Business Childcare Connection and Out and About to further their efforts in developing a regional workforce network to address child care/elder issues for the regional workforce (On-going).

B. The “quality-of-life” commission or team-group should identify and study examples of regions-communities where programs (e.g. education), activities (cultural and recreational), and infrastructure (including both traditional and new) stimulate job development in the successful industries that are characteristic of the region.

Tasks:

1. Meet with existing regional program leadership to identify existing “quality-of-life” activities currently underway in Lamoille County. Groups such as River Arts, Cambridge Arts Council, Helen Day Arts, community recreation commissions and leaders, and regional/community “infrastructure” leaders such as Copley Health Systems, Cambridge Health Center, libraries, communications leaders, etc. Develop a comprehensive listing of ongoing and upcoming enhancements to regional programs and infrastructure (On-going).

2. Coordinate a commission visit to other Vermont communities, such as Barre, Brandon, Burlington, and
Montpelier that have actively, and successfully, pursued enhancements to community “quality-of-life” (Within 180 days).

3. Prioritize regional/local enhancements for Lamoille County “quality-of-life” enhancements to stimulate economic development (Within 60 days).

4. Seek partners, funding, and develop assessments and implementation plans to implement ongoing “quality-of-life” enhancements in the region (On-going).

C. The “quality-of-life” commission or team-group should work aggressively to assure that regional residents re-gain access to affordable retail options for general merchandise-basic goods in the aftermath of the loss of the “anchor” department store in the region.

Tasks:

1. Continue outreach efforts to local landowner regarding development options and infrastructure readiness to entertain retail options for the region (On-going).

2. Continue to make marketing outreach contacts to anchor department stores and retailers (On-going).

3. Determine constraints facing potential retailers that could serve as anchor department stores for the region and explore measures that local and regional partners could implement to relieve constraints (On-going).

4. Conduct a regional market analysis to outline the benefits that could accrue to a major retailer who locates in the region (Within 180 days).

Strategy #8: Housing for Everyone

The regional non-profits, local governments, and private citizens of Lamoille County will move cooperatively and vigorously to improve the living environment in the region by increasing the number of affordable housing options for the incumbent and future regional work force.

Primary Responsibility: Lamoille Housing Partnership, Lamoille County Planning Commission

Economic Development Significance: High performance regional economies are also known for their commitment to a high “quality of life” in their region. Access to affordable housing is a key aspect to quality of life, and is an increasingly important part of attracting and retaining a talented work force. Having a ready and able work force with the proper skills sets for the regional economy was identified as a major concern of the region’s key, dollar-importing sectors. A desirable quality of life is an integral part of addressing those needs so that the region’s key industries can thrive in the new century.

Recommended Actions:

A. Forge a partnership to develop a Housing Task Force that will identify and facilitate action by itself or with regional governments-groups that have the ability and commitment to implementing the recommendations of the Housing
Lamoille County 2002 and the Northwest Vermont Housing Study (2000). These initiatives should be targeted at increasing the number of affordable housing options in the Lamoille Valley region and especially in communities of parts of the region where there are shortages of affordable housing to accommodate the regional work force currently exist.

Tasks:

1. Establish housing availability and affordability targets for communities and the region (Within 180 days).

2. Continue to track and update local and regional housing statistics and trends and analyze data with regards to gains/losses in implementing the goal of attaining housing availability and affordability targets (On-going).

3. Analyze local plans and ordinances for inclusionary housing practices including utilization of Planned Unit Development (PUDs) and Planned Residential Developments (PRDs), incentive based zoning to promote housing assets within communities, small lot size and reduced setbacks in compact settlements with community infrastructure assets, and village center/growth center focus for housing development. Proactively work with communities to implement enhanced housing plans and ordinances (Within 365 days).

4. Identify the affordable housing cost index for the average resident of each of the communities in the county (i.e. 30% of 80% of the mean income) and determine whether or not a satisfactory number of affordable dwelling units exist within each community (Within 365 days).

5. Work with communities in Lamoille County to develop affordable and streamlined permitting processes for affordable housing projects including reduced application fees, streamlined permit review process, and designation of areas within communities that meet predetermined criteria for expedited review for affordable housing projects (Within 365 days).

6. Educate the public and employers with regards to the relationship between strengthening the regional work force/economy and the availability of affordable housing for the workforce (On-going).

7. Coordinate with municipalities to determine if adequate infrastructure resources exist to promote housing expansion and housing density expansion in areas serviced by community infrastructure. In areas underserved, develop strategies to address infrastructure expansion (Within 365 days).

8. Educate community commissions/boards and developers regarding the development of housing through the utilization of scattered community infrastructure such as communal water and wastewater disposal systems (Within 365 days).