



*Regional Efficiency
and
Economic Development
Analysis
for the Towns of
Kittery,
Eliot,
York,
South Berwick,
Berwick,
Wells and
North Berwick*



**Southern Maine
Regional Planning
Commission**
Serving the Municipalities
of southwestern Maine

February 2010

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Introduction

In 2006 the towns of Berwick, South Berwick, Kittery, York, North Berwick, Wells and Eliot jointly applied for Maine State Planning Office Regional Efficiency grant for the purposes of examining opportunities related to regional economic development and the possibility of developing a Regional Industrial Park. As the project progressed, the communities developed legislative language for the purposes of creating a regional development authority for the sub-region. Due to some concerns locally about creating a new layer of government the concept failed to gain legislative support and was withdrawn. However the communities, as well as the public, agreed the towns within the sub-region should seek other opportunities for collaboration in the area of economic development.

In 2008, the same seven towns applied for a CDBG grant to examine possible regional strategies for economic development. The towns also wished to pursue ideas for the sharing of municipal services, facilities and capital equipment. The grant was approved in 2008 and the Southern Maine Regional Planning Commission (SMRPC) was hired in February 2009 to begin the process. A committee of Town Managers, Selectman and also town staff were appointed to the Steering Committee.

Based on the initial meetings the group decided to not only look at economic development options for collaboration but also options for the sharing of services and facilities on a number of town functions. The idea of looking at additional cost saving possibilities was driven by the declining revenues of the towns, budget cutbacks at the state level and also the referendum questions in 2009 concerning Tabor and the Excise Tax.

The following was the process and the recommendations that came out of this work.

Background Research

As a starting point, SMRPC looked at a number of existing plans and studies to determine areas of possible mutual agreement for consolidating and combining services – particularly plans that had received some form of public review or acceptance. Again, the focus was not only on economic development but on a number of possible areas that towns might benefit from a collaborative approach.

These are summarized below:

Transportation

Source	Strategy	
South Berwick Comp Plan	Explore potential transit service to Dover Transportation Center and to Eliot, Kittery and Portsmouth by working with COAST and pertinent state agencies in Maine and New Hampshire.	
Wells Comp Plan	Continue to work with the Maine Turnpike Authority in the negotiation for a major bus company to provide Boston to Portland bus service with a stop at the Transportation Center and for bus service from the Center to like surrounding communities.	
Wells Comp Plan	Continue to participate in the Coastal Explorer planning process to evaluate and improve trolley service to adequately meet the needs of the community and the region.	
Kittery Comp Plan SMRPC Regional Plan 2005	The Town should support regional efforts to explore the need for bus service and possible regional approaches to meeting this need.	

Economic Development

Source	Strategy	
Eliot Comp Plan	Encourage opportunities for local farm stands in Eliot and participation in either a local or regional farmer's market within Eliot or in combination with surrounding communities.	
Kittery Comp Plan	The Town should support and participate in regional efforts to expand good quality employment opportunities including exploring the possible development of a regional business/industrial park in which the revenues are shared among participating municipalities.	
York Comp Plan	The York's Chamber of Commerce includes many business members that are not located in York. The Chamber also participates in the Coastal Chamber Coalition that helps market tourism in communities from Old Orchard Beach to Kittery. The Chamber has been very successful in its regional approach to marketing and this effort should continue.	
Planning Decisions/York County ED Strategy/2006	Need coordinated strategy for workforce development to include community colleges (on both sides of border), trade groups and communities.	
Planning Decisions/York County ED Strategy 2006 REG Meeting 2/4/09	Market York County (or southern York County) with info related to Pine Tree Zones, available land/buildings/transportation access.	
SMRPC Regional Study	Focus on growing small business by providing affordable incubator space in appropriate locations.	
REG meeting 2/4/09	Establish Small Business Counselor (SBDC) presence in southern York County region	
REG meeting 2/4/09	Revolving Loan Fund for business development. Bring in regional banks.	
Various defense studies	Establish liaison group of	

1992-current	managers/elected officials with PNSY. The seven communities account for over 1,200 jobs at PNSY.	
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Municipal Services and Facilities

Source	Strategy	
South Berwick Comp Plan	Develop regional strategies for waste disposal. (hazardous waste disposal?)	
South Berwick Comp Plan	Monitor and participate in regionalization efforts for providing police, fire and rescue services.	
SMRPC Regional Study 2005	Invest in infrastructure on a regional level, particularly on long term needs as most towns have addressed short-term needs.	
Kittery Comp Plan	The Town should therefore explore the possibility of making the Town's recreation center into a regional facility with a pool that would serve other communities such as Eliot, South Berwick and York.	
Kittery Comp Plan	Kittery should explore ways to work with its neighboring communities on improvements necessary to comply with emerging stormwater standards.	
Kittery Comp Plan	The Town should continue to work with other municipalities, KACTS and RTAC to develop a coordinated system of bicycle routes within Portsmouth and southern Maine area.	
York Comp Plan	Construct a fire station in the Rt. 91/Beech Ridge Road area that can serve the needs of York, Eliot and South Berwick residents. This is a rural area for all 3 towns and each experiences problems in providing good quality fire protection. A single centrally located and equipped fire station could best serve the needs of all 3 communities at a lesser capital and operating cost to each of the communities.	
York Comp Plan	York now operates a once-per-year program to accept hazardous wastes from its residents. The frequency of this service could likely be upgraded at no greater cost to the community by combining York's hazardous waste collection program with those	

	sponsored by other neighboring communities.	
York Comp Plan	Public Water service extensions by the Kittery and York water districts in the Route 91 area. This will aid fire protection and facilitate inter-connection with the water system in South Berwick.	
York Comp Plan	Public sewer service extension service by the Town of Kittery to the area of Route One located south of Beech Ridge Road. This extension could resolve existing septic problems at the Caincrest Mobile Home Park and encourage the construction of multi-family housing on remaining underdeveloped lands.	
REG Meeting, 2/4/09	Jointly hire Building Inspector/Code Officer	
REG meeting 2/4/09	Need and feasibility of establishing Municipal Services Corp through SMRPC or other means.	
REG Meeting 2/4/09	Infrastructure issues(water/sewer) and potential collaboration related to Eliot TIF district	

Other

Source	Strategy	
Bi-State Green Project	Develop a program to retrofit (energy efficient) existing commercial, municipal and residential buildings	

The group looked at all these issues and decided to focus their efforts primarily on the sharing of services, possibly facilities and opportunities for sub regional economic development. The group did not want to necessarily pursue legislation or new layers of government to achieve any regional efficiencies. They decided they would rather use existing vehicles – either informal or formal to work together on shared services.

Economic Development Opportunities on a Sub-regional Level

The group first decided to take a look at the existing situation related to economic development in the region.

The communities of southern York County face some unique and challenging economic conditions. Located on the border of New Hampshire these communities are part of a two state labor and employment area. While this can be a positive aspect for the area's residents, it can have a significant negative impact on municipal and sub-regional economic development efforts.

Like most areas of the Country, southern York County has been hard hit by the recent economic downturn. Unemployment rates in the sub region have risen due to business closures and downsizings. The manufacturing sector in York County has lost over 1,400 jobs in the last 12 months. Additional job losses have occurred in all economic sectors. In a recent and notable example, the State's first Stop and Shop grocery store closed in the Town of Kennebunk with a loss of 150 jobs.

The communities of southern York County have a long history of municipal cooperation. One example is the Defense Conversion Study, a multi-community study in response to declines in defense expenditures. Most recently, the communities rallied together to support the effort to fight the proposed closure of the Portsmouth Naval Shipyard. The communities have worked collaboratively on land use issues and in the past have shared a municipal planning position.

Like many municipalities in Maine the communities of southern Maine are faced with inflation, rising expenditures and rising tax rates. What makes the region unique is that it borders a State that heavily touts its tax advantages. This puts any sub-regional economic development effort at a disadvantage.

In 2008 the communities of southern York County (Kittery, York, Wells, South Berwick, North Berwick and Berwick) met and decided to submit a grant application to the Maine Office of Community Development under its' Community Planning Grant Program. The funds were to be used to complete a regional economic development and inter-municipal cooperation plan. The application was chosen for funding and work started in 2009.

A steering committee consisting of municipal representatives (Town Managers, Selectmen, etc.) were asked to provide oversight and review of the planning process. The steering committee met approximately once a month during the planning process.

In terms of economic development, the steering committee looked at two overall themes: a. how can we improve and enhance the region's economic development efforts; and b. how can the communities work better to make more effective and efficient use of scarce fiscal resources.

After much discussion the steering committee, in conjunction with the consultant, identified seven areas (listed below) that form the basis of the sub regional economic development plan. Each one of these sections will be further detailed in the text of the plan.

1. Look to re-establish a Small Business Development Counselor sub-regional office on a part-time or as needed basis
2. Create additional opportunities for revolving loan funds for sub-region
3. Establishing a marketing effort for the sub-region based on defined assets
4. Work to establish a York County Economic Development District
5. Work on workforce development issues
6. Establish a municipal liaison group with PNSY
7. Municipal economic development options and organizations

Look to re-establish a Small Business Development Counselor sub-regional office

With the exception of a few large manufacturing businesses in the region (Portsmouth Naval Shipyard and Pratt & Whitney), the economy of southern York County is dominated by businesses with 15 or fewer employees. While this can lead to a diverse economic base, small businesses have a much higher rate of failure, creating a degree of instability in the local economy.

Two of the key tools in the economic development toolbox are business creation and business retention. It is critical to retain your existing business base while fostering the creation of new businesses. Given the high failure in the small business sector, it is crucial to provide these businesses with the knowledge and business tools that are necessary for business health and growth. A powerful tool in these efforts is the Maine Small Business Development Center.

For over 30 years, the Maine SBDC has been recognized as a leader in the small business improvement and expansion arenas. The SBDC concept is a simple but effective one: assist small business operators and nascent entrepreneurs through business counseling, training services, information transfer, and resource linkages. Their objective is clear: create and save jobs throughout Maine.

The Maine SBDC provides a variety of services for Maine's existing and prospective small business owners, covering such issues as business feasibility, business plan development, capital acquisition, financial management, marketing and sales, e-commerce, customer service, personnel management, and small business strategic

planning. Maine SBTDC covers similar issues, although with a concentration on companies commercializing technology to launch or grow their business.

Since its inception in 1977, the Maine SBDC has grown from a small pilot partnership project of the U.S. Small Business Administration (SBA) into a statewide system, comprised of a myriad of collaborations that support our dynamic network of service centers and outreach offices, and our statewide administrative offices headquartered at the University of Southern Maine. The Maine SBDC and Maine SBTDC are fully accredited by the Association of Small Business Development Centers (ASBDC). The counselors are certified by the New England Professional Development Group (NEPD), and supported by staff in their Portland Office.

Over the course of its years, the Maine SBDC and Maine SBTDC have provided individualized business assistance to tens of thousands of clients. Even more individuals have received management training through Maine SBDC/SBTDC-conducted seminars, workshops, and courses. And even more have been served through the Maine SBDC web services.

The Maine SBDC has an office located at the Southern Maine Regional Planning Commission office in Sanford. This office is staffed by Gordon Platt, a Certified Business Counselor. In 2008 Gordon counseled 254 clients and trained 125 persons. Typically, on an annual basis the York County MSBDC office is the second busiest in the State of Maine. In addition to office hours in Sanford, the MSBDC has a satellite office located at the Biddeford Saco Area Economic Development Corporation office in Saco.

During the planning process Gordon Platt attended a steering committee meeting to provide information on his services. He indicated that he previously had weekly or bi-weekly hours at the Greater York Chamber of Commerce. These hours were discontinued when the office space was not longer able to afford the privacy needed for the business counseling sessions.

In order to support the region's small business sector a critical starting point will be to establish a MSBDC presence in the area. The primary needs to make this a reality are a room with a door that can be closed for privacy, a telephone, and someone to create and maintain an appointment schedule. Several municipalities indicated that they could meet these requirements and expressed a willingness to host the MSBDC Business Counselor.

Create additional opportunities for revolving loan funds for sub-region

There are a number of revolving loan funds that service York County. The region qualifies for all State and federal loan programs such as those from the Finance Authority of Maine, Maine Department of Economic and Community Development, U.S. Small Business Administration and the U. S. Rural Development Administration. In addition,

the region is serviced by several revolving loan funds provided by countywide organizations.

Revolving Loan Fund Programs

BSAEDC administers five comprehensive financial programs to meet the diverse needs of local business. The corporation makes direct loans with state and federal funds, and works closely with all banks in the communities, as well as other local, regional, state and federal economic development organizations.

Eligible applicants include:

- Industrial and Manufacturing firms;
- Wholesale and Distribution Companies; and
- Commercial Enterprises that create or retain jobs.

Eligible project costs include:

- Site purchases and development, and new construction and/or rehabilitation of existing buildings by eligible companies with substantial owner occupancy or with lease commitments from qualified eligible companies;
- Machinery and equipment acquisition and/or installation; and
- Working capital.

1. **Micro-Loan Fund:** provides loans up to \$25,000 to small and emerging private businesses with special emphasis towards women and minority owned businesses.
2. **FAME Loan Fund:** emphasizes businesses that employ 50 or fewer people or that have annual sales of \$5,000,000 or less with loans of up to \$200,000.
3. **Rural Development Loan Fund:** targets non-agricultural businesses and industry that located in rural communities with loans of up to \$150,000.
4. **General Business Loan Fund:** focuses on assisting commercial and industrial businesses that create jobs with loans of up to \$200,000.
5. **Biddeford Mill Redevelopment Fund:** provides loans up to \$10,000 to owners/developers and businesses located within "Mill Redevelopment District" in the City of Biddeford.

GPCOG administers two revolving loan fund programs: the Regional Economic Development Loan Program (REDLP), and the Southern Maine Economic Development District (SMEDD) Revolving Loan Fund Program.

Regional Economic Development Loan Program (REDLP):

This program, established in 1996 as a result of a Finance Authority of Maine (FAME) grant that GPCOG received, provides financing to small businesses with fifty or fewer employees or annual sales of less than \$5,000,000 with an emphasis on technology-based

enterprises. To be eligible for financing through this program, businesses need to be located in either York or Cumberland County and must obtain at least two-thirds of their financing needs through sources other than GPCOG.

SMEDD Revolving Loan Fund Program:

This program was initially designed to make loans to businesses that had been negatively impacted by defense downsizing and defense industry realignment in York and Cumberland Counties. As the administrative agent for SMEDD, GPCOG developed the Revolving Loan Fund Program, which it has administered since its inception. One major change that has recently occurred with this program is the granting of a waiver to SMEDD so that a much wider range of businesses can qualify for loan funds. This new flexibility allows SMEDD to fund a wide variety of projects.

CEI Revolving Loan Fund Program

Coastal Enterprises Incorporated (CEI) offers financing and technical support for a wide range of small business, community facility, affordable housing and mixed used real estate projects and ventures. With flexible loans, investments, rates and terms, CEI is able to leverage its capital with other sources, primarily banks, at a 1:3 ratio.

CEI financing opportunities include:

- Direct loans to start-up, existing and growing Maine small businesses, in amounts ranging from \$1,000 to \$500,000.
- Venture capital investments in small businesses located in New England and the mid-Atlantic region. Investments range from under \$500,000 to over \$1million.
- New Markets Tax Credits are available for investments in targeted distressed communities in Maine, Northern New England, and upstate New York. Select projects with high 3E impact will be considered in other parts of the country. Tax credit investments range from \$2 million to \$30 million.
- The SBA 504 program which provides fixed-rate financing for machinery, equipment and buildings - as much as \$4 million for manufacturing.
- Affordable Homeownership, Rental and Supported Housing with loans and development capital from under \$500,000 to over \$2 million.

CEI welcomes loan requests from a wide array of Maine industries. They actively target the following sectors:

- waterfront and marine businesses
- small farms and agriculture
microenterprises
- women business owners
- child care providers
- business ventures of refugees and immigrants

SMRPC Brownfields Revolving Loan Fund

The SMRPC Brownfields Revolving Loan Fund provides a source of funding that assists in the cleanup and revitalization of abandoned or underused properties in York and Southern Oxford Counties. Loans are structured with below market interest rates and favorable repayment terms to entice qualified brownfield owners and developers to finance the eligible cleanup costs of sites. Subgrants are available for nonprofit or municipally owned sites that are local priorities for redevelopment.

While there are a number of revolving loan funds available to businesses in southern Maine, there also remains a number of gaps in this area. There currently is no revolving loan fund program that is targeted geographically towards businesses located in southern York County. There are several sources of funds to finance such fund and these options should be explored.

The first option is the Intermediary Relending Program from the Rural Development Administration. Under this program funds are lent to a funding agency at minimal interest rate. The lending agency funds the operation of the program through the increased interest rates they are able to charge the lender.

The second option is to work with a bank, or number of banks, to create a funding pool that can be used for business loan funds in a geographic area. This option has the advantage that programmatic staff is not required to run the revolving loan fund.

The third option is to seek funds from a State or federal agency to create a revolving loan fund. Many agencies such as the U. S. Economic Development Administration or the U.S. Department of Housing and Urban Development have grant programs that provide the start up capital to create a revolving loan fund.

The fourth option is to create a revolving loan fund through multi-municipal tax increment financing programs. Tax increment financing funds may be used to create a revolving loan fund. It is possible for a community, or number of communities, to pool their tax increment funds to create a revolving loan fund.

Establishing a marketing effort for the sub-region based on defined assets

The challenge for economic development in York County is to articulate its advantages more clearly and communicate them for effectively to the business community in the greater Boston area. This will require even closer cooperation among regional and municipal development organizations on a more intensive marketing campaign to potential new businesses and a greater effort to convince the general populace of the benefits of county wide economic development.

Several facts have come together over the past decade that present York County with an unprecedented opportunity for economic growth. Having:

- assembled more industrially ready land;
- demonstrated the success of old mill development;
- increased the size of both commercially available loan funds and quasi-public complementary revolving loan funds;
- been presented by the state Pine Tree Zone Program with a vehicle for offsetting Maine's "high tax" image;
- been blessed with a location on the northern edge of the expanding Greater Metropolitan Boston area

York County has the opportunity to articulate a clear message about why it is an ideal location to start or expand a business.

Economic developers should take advantage of the Pine Tree Zone Program to illustrate comparisons with "tax free" New Hampshire. This along with the quality of life available in Maine would make a very attractive package to the businesses that spin out of the centers of Boston entrepreneurship on a regular basis. This effort should be undertaken with a more systematic effort to document the volume of industrial land being filled and still available. The County has made strides in adding to its inventory of available industrial land, but it has not fully realized the goal of maintaining an easily accessible and up-to-date inventory of currently available land. In addition, based on the absorption of such land, county developers should maintain a target number of additional acres and square footage to bring on line on an annual basis.

Financing for a marketing program could come from a number of different sources. There are a number of economic development related grant programs at the State and federal levels that may provide funds for a marketing effort. In many regions, the private sector (particularly utility businesses and banks) provides funds for regional economic development marketing. Municipalities could also fund a marketing effort through municipal appropriations or tax increment financing programs.

Work to establish a York County Economic Development District

Due to defense downsizing, other economic distress factors, and the lack of an Economic Development District serving the southern Maine region of York and Cumberland Counties, the Southern Maine Economic Development District (SMEDD) was established in 1994 as a partnership of two established municipal planning agencies – the Southern Maine Regional Planning Commission and the Greater Portland Council of Governments. While both agencies had their own Board of Directors, different geographic service areas, staff and office space (approximately one hour's drive from one another), EDA regulations at the time dictated that any new EDD be formed as a multi-county development district.

The EDD designation in 1994 was unusual in that it combined two long standing Councils of Government, established by the Maine State Legislature, and created another agency for the purposes of economic development only. Worthy of note is the fact that both agencies had been conducting economic development work on their own since their inception (primarily through the CDBG program).

SMRPC serves York County, the southernmost county in Maine. As such, York County's economy and labor market are inexorably linked to southern New Hampshire. From a regional perspective, the York County/southern New Hampshire region is undergoing one of the most rapid rates of growth in New England with all signs indicating the continuation of this trend for decades to come. Given this unique, two-state dynamic the effort to develop a coordinated and effective economic development strategy will require a sustained level of attention and commitment. Not only is it imperative that SMRPC develop a close working relationship with their New Hampshire neighbors but they must do so while continuing to work closely with GPCOG on issues of mutual interest. In light of this evolving dynamic, the unanimous conclusion of the parties, and in particular the public and private sector interests of York County, is that it is critically important that SMRPC be designated as a separate EDD.

The need for a more focused approach in both York and Cumberland County has been reinforced through a number of recent studies that highlight the significant differences between the two regions, adding strength to the merits of separate EDD's. For example, SMRPC is currently involved in a bi-state planning project with New Hampshire and the Rockingham County EDD to examine shared economic development opportunities along the seacoast region of Maine and New Hampshire. This is a major project that essentially concerns the SMRPC planning region; a region that as previously noted includes southern New Hampshire. Other recent studies that were undertaken with the threat and the impacts of a possible closure of the Portsmouth Naval Shipyard in mind include:

- “An Economic Vision for York County: Report on a Meeting of Business Leaders and Economic Development Professionals,” May 25, 2004, Planning Decisions
- “Connecting Communities: Planning in Southern Maine, A Report on Regional Visioning,” August 2004, Southern Maine Regional Planning Commission
- “The Economy of York County: An Overall Assessment,” March 18, 2005, Planning Decisions, Inc.
- “Looking Beyond the Shipyard: Economic Development Challenges of Southern Maine and Seacoast New Hampshire,” September 2005, Center for Business and Economic Research, University of Southern Maine
- A study nearing completion in February 2006, entitled “An Economic Development Strategy for York County: Best Prospects for Future Growth,” Planning Decisions, Inc.

Perhaps the most critical and compelling reason for the proposed restructuring, and one that was identified by EDA staff, is the practical difficulties that have characterized a governing body comprised of two different agencies, in two different locations, with two different Boards and attempting to make them one. This fragmented structure has at times

resulted in confusion amongst our communities, state level agencies and in some cases EDA itself. It has also contributed to inconsistent attendance and full participation.

The creation of an SMRPC-EDD would provide for the governance within an existing and long established organizational structure, thereby making the respective EDD's structurally and organizationally consistent with the other EDD's in Maine.

By directly integrating each EDD within existing agencies, the respective municipal membership will more clearly associate economic development services and programs with the governing bodies that they most clearly identify with. This is of further significance for the dues-paying members and their need for accountability with respect to where and how their dollars are being spent. This change will also have a positive effect in reducing confusion at both the state and federal levels.

The fundamental challenge of every EDD is to build a meaningful and effective CEDS. Given the relatively small level of EDA planning and project funds, the continuing challenge of the CEDS process cannot be sustained on the basis of actual and hoped for federal grant funds. Rather, an effective CEDS can only be designed and sustained through a structure that is positioned to bring the numerous public and private stakeholders together and do so with credibility and organizational depth.

In contrast to SMEDD's ten year experience, GPCOG and SMRPC provide such a structure. Within each of the regions served by SMRPC and GPCOG, including municipalities, other public agencies and stakeholders together with business leaders and economic development organizations, there exists a common link or regional identification through which formal and informal relationships function. The effort to marshal these resources into a coherent and comprehensive economic development strategy will most effectively take place at a manageable level and through an agency that is rooted in an existing political base. GPCOG and SMRPC provide such a foundation.

A successful CEDS requires both an appreciation for and a willingness to commit to the integration of economic development with demographic and social issues, together with land use and transportation planning and infrastructure investment. Both SMRPC and GPCOG have been directly involved in such efforts for decades and will therefore be able to transition smoothly to the advanced level of responsibility that they will take on in becoming separate EDD's. Based on these existing networks, each EDD will be better positioned to attract additional public and private funds to support their CEDS and related activities.

With the encouragement in 2004 of the EDA Community Planner who was serving SMEDD, together with the formal support of the respective policy boards of GPCOG and SMRPC, the SMEDD Board, the Governor of the state of Maine, communities in the region, local state legislators, and private sector interests, believe that the economic development goals of both the EDA and the communities in the southern Maine region will be better served through the restructuring of SMEDD into two EDD's, encompassing the long standing service areas of each agency.

The proposed new district designations will integrate economic development activity within the established planning agencies that have been serving the EDD region for forty years.

Both SMRPC and GPCOG have been providing a range of planning services and technical assistance to the communities in their respective regions since 1964 and 1969, respectively. As such they have developed strong working relationships with their member municipalities, state and federal agencies, and other for-profit and non-profit organizations. These relationships and traditions provide the foundation through which a more focused and manageable CEDS can be developed and adopted within each of the regions involved.

As the two regions continue to grow, there will be a corresponding need to develop more carefully integrated regionally based plans that bring together economic development, transportation and land use planning interests. In this evolving environment, the decade old structure of SMEDD provides an inadequate mechanism for building a Comprehensive Economic Development Strategy that can effectively meet EDA and regional goals as well as new policy initiatives that are being developed at the state level.

Given this dynamic, the strong consensus within each of the regions served by GPCOG and SMRPC is that through the proposed restructuring of SMEDD each EDD region will be better positioned to achieve the goals set forth in our respective CEDS. While each of the EDD's will continue to cooperate and collaborate as appropriate, individually they bring a strong common purpose, wide political support and a structure that is manageable, responsive, accountable and understood by its members and other participants.

One of the most important factors in advancing this proposal is the widespread community, regional and state support for the re-designation of the districts. We have received the support of Governor Baldacci, Maine Department of Economic and Community Development with letter signed by former Commissioner now Gubernatorial candidate John Richardson, the SMEDD Board, the SMRPC Board, the GPCOG Board, legislators, business leaders and municipalities.

This strong support is borne out of the belief that although both agencies have accomplished a great deal during the initial 10+ years of SMEDD, a great deal more can be accomplished by focusing more directly on issues relevant to each region.

Work on workforce development issues

It is widely considered that a skilled workforce is critical to economic vitality. In York County, that concept may be even more widely acknowledged. A study of the York County economy, by the firm Planning Decisions, Inc., entitled "*An Economic Development Strategy for York County: What are the Best Prospects for Future Growth?*" examined York County's competitiveness in relation to urban and suburban

areas in Greater Boston and Southern New Hampshire. Through discussions with business owners in the region and also in the greater Boston area it became apparent that a lack of an available workforce was stunting potential economic growth. It is clear this is one of the predominant issues for the region to address.

Quality. Employees in York County consistently rank high in workforce productivity, attendance and longevity. Discussions with area business leaders indicate that these employees frequently rank among the highest in those businesses with multiple sites across the country. Despite this reputation, not everyone is succeeding in the labor force. The region's low unemployment rate of 4.1% for 2007 masks the reality that there are still over 4,630 unemployed workers, fourteen percent of the State's total, in York County. These numbers represent the unemployed that are actually measured, not those discouraged from looking due to lack of transportation or childcare, mental illness, physical disability, or language and cultural barriers. Those already employed may not be in their chosen field or position. According to the Labor Force Analysis completed by the University of Southern Maine, up to one fifth of the area's workers are actively looking for a new job. Although additional pay is a factor, another important reason is "underemployment," or the desire for work that more closely matches job skills.

Access to Education. Local residents enjoy less than an hour's drive to at least 10 colleges and universities, including the state's only law school, business school, medical school, and art school as well as two community colleges and two state universities. With 23% of adults holding at least a bachelor's degree, Southern Maine residents are as educated as the rest of state (23%), but less competitive than Boston (39%) and New England as a whole (35%). A more educated workforce will increase the competitiveness of the region's existing businesses, make Southern Maine more attractive to expansions by out-of-state firms, and support a dynamic entrepreneurial climate that values quality of life. According to the Maine Compact for Higher Education, barriers to higher educational attainment include the following:

- **Preparation:** Maine's Learning Results provide a standard for student achievement in math, science, writing, and the social sciences. In Southern Maine, less than a third of the region's 11th graders meet or exceed state standards in math and writing.
- **Affordability:** For young people on their own, the cost of college competes with housing and other basic needs. In Southern Maine, local colleges are asking residents to take in students unable to pay rising market rents.
- **Retention:** Due to family or work pressures, many students veer off the course to college. In Southern Maine, lack of articulation agreements between schools forces students who return after a long absence, change academic programs, or choose a different college to start from ground zero.

Workforce development plays a pivotal role in the recommendations of recent economic development projects, including the USM Center for Business and Economic Research's

labor force analysis, Maine Science and Technology Foundation’s cluster study, and the Maine Compact for Higher Education’s report on raising educational attainment in Maine. In the future SMRPC will continue to participate in the development of regional and statewide studies, including research and analysis, dissemination of results to municipalities and businesses, and application of appropriate recommendations in Southern Maine. Over the last three years, for example, SMRPC has hosted workshops on the results of the labor force analysis and on strengthening economic clusters.

Establish a municipal liaison group with PNSY

For over 200 years, the Portsmouth Naval Shipyard has dominated the economy of York County, Maine and Seacoast New Hampshire. Just 13 years ago, one out of every five jobs in the county was located at the Shipyard. According to a recent study by Professor Charles Colgan with the Center for Business and Economic Research at the University of Southern Maine, the Portsmouth Naval Shipyard today accounts for more than 10,000 direct and indirect jobs in York County and Seacoast New Hampshire and \$750 billion in gross regional product.

A report by USM Professor Charlie Colgan titled “*Looking Beyond the Shipyard: Economic Development Challenges of Southern Maine and Seacoast New Hampshire*” provides the first integrated analysis of the shipyard’s effects on both the Maine and New Hampshire economies. The shipyard accounts for more than 10,000 direct and indirect jobs across the two-state region. Over 80% of these jobs are in York County, with an additional 10% in Rockingham County and the balance spread through the rest of Maine and New Hampshire.

The total jobs associated with the shipyard account for 3.5% of employment in York and Rockingham counties, but 8.5% of York County employment. The shipyard, together with its indirect effects, accounts for over \$750 billion in regional output (gross regional product), which is 5% of output in the region and 12% of York County output.

Community	Annual Payroll	Employees
Kittery	\$24,107,942	358
South Berwick	\$20,881,670	272
Berwick	\$19,760,604	269
Eliot	\$17,294,649	233
York	\$12,094,722	150
Wells	\$10,983,337	150
North Berwick	\$10,059,450	138
Total	\$115,182,374	1570

The shipyard is home to unique technical skills in the region, but it also indirectly supports a large number of jobs in retail trade, construction, leisure & hospitality

services, and education & health services. The most affected occupations include management and finance occupations, as well as office and sales jobs. The econometric analysis of the future of the regional economy without the shipyard indicates that closure of the shipyard would not result in recovery of the total number of jobs lost within twenty years even though large numbers of people would become available and wage costs would be thereby reduced.

Most of the municipal, governmental and private sector interaction with the Portsmouth Naval Shipyard has taken place during times of crisis, most typically through the potential closure of the Shipyard. Given its current importance as an employment center, and its potential for technology transfer and business spin-offs, it is important to establish a municipal liaison group. This liaison group would be made up of municipal officials, regional economic development professionals and private sector business representatives. The liaison group would meet approximately twice a year. The main intent of the meetings would be to support the current operations of the Portsmouth Naval Shipyard, as well as to support future business development and expansion created through the operations of the Shipyard.

Municipal economic development options and organizations

Typically, there are three options available to municipalities interested in economic development. Each has its' strengths and weaknesses as well as associated cost levels.

MUNICIPAL ECONOMIC DEVELOPMENT COMMITTEE

The first economic development option available to municipalities is to establish a municipal economic development committee. This committee is given the charge of economic development planning, municipal site identification and development and working with existing and new businesses to expand or relocate to the municipality. The costs associated with this option are low as the committee members are volunteers and they are typically administered by municipal staff. The strengths of this option include the members can generally elicit favorable municipal support, they typically consist of business persons who can "speak the same language" and it is a low cost option. The weaknesses of this option include the dependence on volunteers which can ebb and flow, the responsibility for programs and activities are not the responsibility of a single person or professional and there can be limited knowledge of state and federal grant programs.

Municipalities with economic development committees include Kennebunk, Farmington, Wilton, Richmond.

MUNICIPAL ECONOMIC DEVELOPMENT STAFF

The second economic development option available to municipalities is to hire an economic development professional. This full time position is devoted to economic development for the community and performs activities such as economic development planning, working with new and helping businesses to start up, expand and relocate and securing state and federal grants. The costs associated with this option depend on the staffing levels. The costs are less if one professional is hired and rise if additional professionals or administrative staff are needed. The strengths of this option include the existence of a full time professional dedicated to economic development in a municipality, the work activities are easier to supervise in a personnel structure and these professionals are usually more successful in securing state and federal grant funds. The weaknesses of this option that it is sometimes difficult to get support for a new municipal position, success can have a high dependence on the abilities of the professional, and the funds/support for the position can ebb and flow based on the current municipal fiscal outlook.

Most communities in Maine with professional economic development staff have a single economic development professional (Biddeford, Saco, Brunswick). Some of the larger municipalities in Maine have economic development departments with multiple staff members (Portland, Bangor, Lewiston, Augusta). The typical determinant of staffing size is the size of the community.

ECONOMIC DEVELOPMENT ORGANIZATIONS

The third option available to municipalities is to start up or join an economic development organization. This organization can have a municipal, sub-regional or regional focus. The economic development activities are similar to those of the first two options. The costs associated with this option depend on the activities or services required. The strengths of this option include the ability to secure specific services on an “ala carte” basis, spread costs out among a number of municipalities, and having a larger service area may be a benefit in some economic development activities (e.g. business attraction). The weaknesses of this option include a loss of personnel control, potential costs on an hourly basis, and potential municipal or organizational conflict.

There are a wide variety of municipal economic development organizations in Maine. There are local economic development organizations that operate and hire staff outside the municipal personnel structure (Topsham) and within the municipal personnel structure (Windham). Operational funds can come completely from the municipality (Topsham) or the private sector provides a portion of the operational funds (Windham). There are local economic development corporations (Skowhegan, Gorham, Freeport) sub-regional economic development corporations (Lakes Region, Oxford Hills, Franklin County) and regional economic development organizations (SMRPC, economic development districts)

Regional Development Corporations

MAINE NON-PROFIT CORPORATION ACT (TITLE 13-B)

Incorporating a non-profit corporation in Maine is a simple process. All that is required is to file an Articles of Incorporation form with at least three initial directors and to establish bylaws for the corporation. A Regional Development Corporation under state law would be considered a Public Benefit Corporation and would more than likely be formed as a tax-exempt corporation under Section 501 (c)(3) of the Internal Revenue Code.

EXISTING REGIONAL DEVELOPMENT CORPORATIONS IN MAINE

The following descriptions briefly summarize existing economic development corporations in Maine that operate on a regional level and either conduct real estate development activities and/or manage loan programs. These organizations all serve at least three municipalities, and some serve entire counties.

Corporations that focus on economic development activities for just one or two municipalities are not included here, as they do not truly have regional missions. Those that only provide technical assistance and access to outside sources of funding are also excluded, as they do not provide a complete picture of what RDCs can accomplish.

Bangor Target Area Development Corporation, Bangor

The Bangor Target Area Development Corporation (BTADC) is a non-profit arm of Eastern Maine Development Corporation. BTADC was founded in 1972 as a private, non-profit real estate development corporation designed to provide financing for industrial parks, speculative industrial buildings, and other economic assistance programs.

Its current major project is the Target Technology Center, an information technology incubator facility, located at the Maine Technology Park, in Orono. This facility is being marketed to start-up companies needing state-of-the-art computer and telecommunications equipment, including "super-computer" and geographic information systems (GIS). Older properties developed by BTADC in the Bangor region include BanAir Industrial Park and Dowd Industrial Park.

Coastal Enterprises, Inc., Wiscasset

CEI is a statewide non-profit development corporation that has many different functions. On the economic development front, this organization provides financial and technical assistance for development and expansion of industries, small businesses, housing and social services. Its funding programs include:

- *Development Fund* – Offers loans up to \$500,000 for innovative, job-generating employers throughout the state.

- *Enterprise Fund* – Provides up to \$50,000 for small enterprises
- *Housing Fund* – Provides pre-development and construction financing of up to \$500,000 for rehabilitation and new construction projects for affordable housing, as well as financing for the lease-purchase homeownership program, and Individual Development Account to foster savings and build up of wealth among low-income families.
- *Small Business Administration 504 program* – Offers up to \$750,000 or 40% of the fixed assets of a business financing need for property, land and/or equipment.

Growth Council of Oxford Hills, South Paris

The Growth Council of Oxford Hills is one of several non-profit corporations under the umbrella of EnterpriseMaine, serving the communities of western Maine. The Growth Council's main mission is to offer one-on-one business development services to companies located in the Oxford Hills region. It also provides targeted infrastructure, community and workforce improvements for projects. Another function of the Growth Council is site selection assistance. It works with area real estate professionals to maintain a database of available buildings and sites in the region.

The Growth Council also oversees Western Maine Development, another non-profit real estate corporation that undertakes commercial real estate projects to support business expansion, downtown revitalization and community facilities. This entity is also actively developing the Western Maine Technology Park, a “green” office park that is geared towards attracting technologically advanced, cutting edge companies to the Oxford Hills Region. This park is currently being developed on a 161-acre site in the Town of Norway. Another related organization to the Growth Council is Western Maine Finance, a community development financial institution (CDFI) that provides financing for equipment and real estate businesses, non-profit organizations and developers.

Midcoast Council for Business Development and Planning, Brunswick

The Mid-Coast Council for Business Development and Planning (MCBDP) is a non-profit corporation that conducts business retention, expansion and attraction activities in the Bath-Brunswick-Topsham region. It offers direct assistance to businesses and communities in collaboration with public/private partners in economic development. MCBDP operates a regional revolving loan fund that is only available to small businesses with fewer than 50 employees. The maximum loan size offered under this program is \$40,000.

The **Aroostook Partnership for Progress** (APP) is a public - private partnership dedicated to aggressive and effective results-oriented economic development actions that leverage the financial commitments and talents of the private sector in close partnership with the public sector.

The unique characteristics of Northern Maine create both challenges and opportunities to redefine the purpose and the approach taken toward the practice of economic development.

APP is an idea spawned by the Rural Empowerment Summit held in January 2003 in Presque Isle. Businesses, organizations, and citizens came together for two days of meetings to help develop a vision of what the future should hold for the region. One recurring theme was for greater public-private cooperation on economic development issues, an idea from which APP was formed.

The Aroostook Partnership for Progress will:

- Serve as the ***Single Point of Contact*** , ensuring complete confidentiality and ease of accessing information and services.
- ***Research and assemble data*** on the communities that will meet your needs. Information is packaged in an easy to use report that provides quick and simple access to the most essential data. All data tables are available in electronic format for ease of analysis.
- Research and assemble data on ***available buildings, and construction sites*** . Available building and construction sites reports include applicable information about lease and purchases costs, as well as cost estimates for any modifications that may be needed.
- ***Negotiate reduced lease rates*** based on job creation and investment in communities.
- Ensure that companies receive full advantage of resources available to businesses in Maine and ***provide assistance*** in researching and applying for appropriate incentive programs.
- Conduct a custom ***ROI Analysis and Incentive Valuation*** to estimate the value of incentive programs and to detail how your company can save money by locating in northern Maine . The ROI includes the value of State incentive programs, municipal incentives, utility discounts, labor cost differentials, building and infrastructure lease incentives, and other factors that make northern Maine a profitable place to do business.
- Put companies in ***contact with business leaders*** that can address specific or technical questions about doing business in northern Maine.
- Assist companies interested in ***cross-border trade*** and access to the Canadian Labor Force.
- Coordinate ***in-state visits*** to ensure the efficient use of your time. Area visits are a free service provided to prospective companies considering a northern Maine location.

Regional Development Authorities

A second model of enacting regional economic development and revitalization projects is that of a regional development authority. There are two key distinctions between non-profit development corporations and development authorities under Maine Law: 1) authorities must be created by an Act of the state legislature; and 2) authorities are granted full municipal authority, with the accompanying powers.

The following are descriptions of existing Regional Development Authorities in Maine.

Kennebec Regional Development Authority

The Kennebec Regional Development Authority (KRDA) was formed by an Act of the state legislature in 1998 that was confirmed by citizen referendum for the primary purpose of overseeing the development of FirstPark, a regional business park located in the Town of Oakland. The major innovation behind FirstPark is that, unlike traditional business parks, its operation provides direct fiscal benefits to the entire region, and not just the host municipality. The impetus for establishing KRDA was a group known as “The People of the Kennebec,” a consortium of business, civic, and educational leaders in Central Maine that made regional economic development its priority.

In all, 24 municipalities in Central Maine signed on to commit development and operating funds to FirstPark in exchange for participating in revenue sharing from its proceeds. KRDA’s legislation allowed it to both receive federal and state grants and take on bonded debt, though any bonds issued by KRDA must be approved by voter referendum in the member municipalities.

Once the organization was established, the FirstPark project was then undertaken. This project is a 285-acre, high-technology business park that aims to attract 3,000 jobs. In all, the park contains 22 building sites and can accommodate everything from professional office buildings to R&D facilities to back-office space to light manufacturing.

The FirstPark project is expected to take up to 20 years to complete, but KRDA is not limited to this project alone. It is possible that the Authority could take on other similar developments of regional importance in the years to come.

Washington County Development Authority

The Washington County Development Authority (WCDA) was established in 2001 by an Act of the state legislature. Its legislation authorizes it to take title, acquire and manage the decommissioned Naval base in Cutler. This 80-acre site contains many potential residential and commercial structures, and is in the process of being marketed for redevelopment. The holdings of the Authority have been identified as having potential impacts on the Towns of Cutler, Machias, East Machias, Eastport, Lubec, Whiting and Dennysville.

As with the KRDA, the WCDA is also granted full municipal powers under its legislation. However, given the fact that its legislation only authorizes it to conduct activities on decommissioned military installations in Washington County, its scope is much more limited. Its only essential purpose is to redevelop the Cutler base, and once that is complete, its future utility will be limited to managing lease agreements of land and buildings on the property.

Examples of Economic Development Corporations in the Area

Biddeford-Saco Area Economic Development Corporation – Primarily an organization that provides business financing. Funded by the Cities of Biddeford and Saco and through loan fees and interest.

Scarborough Economic Development Corporation - SEDCO is a quasi-municipal, non-profit Development Corporation providing site location, business and economic development, and government liaison services for individuals and businesses seeking either to create a new investment opportunity or expand an existing one. Funds are provided by the Town of Scarborough with separate office location.

The Gorham Economic Development Corporation plays an active role in promoting and facilitating economic development in Gorham. Recent projects include a marketing brochure, a town map, and upgraded web site. Part time Director, funded by the Town, located at the Town Office.

Freeport Economic Development Corporation provides technical assistance and resource referral to the local community in the following areas:

- Business Attraction and Retention, including site location and project approval process assistance.
- Workforce Development Issues - Full time Director funded by a TIF Program, located at the Town Office.

The Windham Economic Development Corporation (WEDC) is active in many efforts to promote responsible economic investment in the community and to improve the quality of life for Windham's residents by:

- Providing direct assistance to local businesses through its Business Assistance Program (BAP)
- Monitoring state and local initiatives involving economic development and business activities
- Providing a voice for balanced economic development in Windham.
- Providing guidance and direct assistance to businesses already located in Windham or which are seeking to locate in Windham
- Advising the Town on matters relating to economic development.

Full time Director funded by a TIF Program, located at the Town Office.

Topsham Development Incorporated (TDI) - Enhances the Town of Topsham's community and economic potential through leadership development, community involvement, vision advancement and project development, including public improvements and equal participation in regional collaboration.

Real Estate Development -- Develops competitively priced sites and building space for manufacturing, technology, commercial and retail businesses. Projects include: Topsham Business Park, Bowdoin Mill redevelopment, and BNAS Annex.

Business Assistance and Financial Packaging -- TDI acts as a liaison between business and regional commercial and nonprofit groups for business planning, financial and educational training program

Site Information and Assistance -- Assists individual business needs by providing complete data on property ownership, land and building costs, taxes, zoning, utilities, permit requirements, market analyses and demographic reports.

Full time Director, funded by the Town, located at the Town Office.

Androscoggin Valley Council of Governments (AVCOG) is the regional planning and development agency and is responsible for economic development planning, financing, infrastructure development (through grant writing), grantsmanship, small business counseling entrepreneurship development.

Lewiston Auburn Economic Growth Council is responsible for business attraction, retention and marketing. In addition, LAEGC is responsible for the development of industrial parks and sites.

The communities of Lewiston-Auburn are responsible for infrastructure development and maintenance, industrial park development and site search assistance.

The Lewiston-Auburn Economic Growth Council is the central economic development agency for Lewiston-Auburn. The Growth Council works closely with clients on a fully confidential basis offering services including technical assistance, commercial financing, site searches, and marketing.

Each municipality has a Development Corporation (Lewiston Development Corporation and Auburn Business Development Corporation). These development corporations work primarily on municipal issues. LAEGC is the umbrella organization that provides administrative and technical support. Each community has a Board seat on the other Board.

Lewiston and Auburn have a tax sharing agreement for the Airport and Airport Industrial Park in Auburn. The agreement was completed in the late 70's/early 80's. There are no other tax sharing agreements.

Lewiston and Auburn have almost 30 agreements relating to economic development. One example is a joint Tax Increment Financing (TIF) agreement. Each community is free to negotiate their own TIF arrangements. However there is agreement as to what types of businesses will receive TIFs (e.g. manufacturing).

Investigating other Opportunities for Collaboration

Through a series of meetings with managers and selectman, a survey sent to area towns and a look at staffing patterns of the various municipalities, SMRPC put together an initial list of possible service and infrastructure items that might be considered for a collaborative venture. The initial list and needed research included:

Services (Top Tier)

1. Examine potential for consolidating/combining building inspection services on a sub-regional level following adoption of statewide uniform building code, including:
 - Legal implications
 - Personnel costs
 - Logistical issues such as location for office, equipment, administrative support, etc.
 - Look at training, automated applications, and mapping
2. Consider a sub-regional health officer to fulfill the functions currently residing with Town Managers and others. Look at:
 - Legal implications
 - Costs
3. Consider going out as a group for IT services rather than individual municipalities.
 - General inventory of what towns are using for municipal functions
 - Get IT people together from the respective towns
4. Examine potential to combine or consolidate GIS Services as needed.
 - Get budgets (real or approximate) from each town for GIS
 - Look at opportunities for joint licensing
5. Within some communities look at sharing planning services.
 - Estimate costs, town needs and issues associated with sharing a planner, including using RPC as vehicle

6. Look at possibility of a joint emergency management director for sub-region.
 - Legal issues
 - Contact YCEMA

Services and infrastructure (lower tier)

1. Examine opportunities to consolidate assessing services.
 - Examine personnel costs, legal issues
 - Examine software compatibility
2. Examine possible back office operations for accounting, payroll, record keeping
 - Look at personnel costs
 - Look at software and other technology issues
3. Look at consolidating Kittery and Eliot Transfer Station operations
 - Examine finances
 - Logistical issues concerning operations

Energy

1. Consider working jointly on energy efficiency and other energy related programs/projects
 - Apply jointly for energy stimulus funding through Efficiency Maine
 - Set up RLF for energy projects
 - Work with YCCC on establishing energy training program
 - Seek grant funding on sub-regional basis

Models

1. Identify potential legal issues and develop models/instruments that may be used for inter municipal collaboration.
 - Memorandum of Understanding
 - Inter-local agreement
 - Fee for service
 - Council of Government statute
 - Municipal services corporation

Strategies for Service Delivery

How best to provide these services was a recurring discussion. Using the existing Regional Planning /Council of Government Statute was identified as one existing tool. (Appendix A). With this in mind the group asked SMRPC to provide a menu of services and their possible costs if these services were to be provided by SMRPC – not simply on

an hourly basis but as a full time employee which the towns could then “buy into”. For instance, a town might decide they needed 10 hours of planning services a week, while another town might need ten and another town twenty.

SMRPC inventoried salaries and job profiles for a number of positions in the region. Based on this SMRPC came up with the following costs for these position if they were to be located at SMRPC (based on the full SMRPC benefit package, etc) and towns could then buy in to a position based on the time needed for their own community. The full description of costs is located in Appendix B. The results for a full time position are summarized below:

Position	Package with ind. health	Package with family health
Code Enforcement Officer	\$71,686	\$77,945
Building Inspector	\$69,388	\$75,547
IT Manager	\$80,801	\$87,060
Single Assessor	\$84,715	\$90,974
Assessor’s Agent	\$64,695	\$70,954
Parks and Rec Director	\$73,454	\$79,713
GIS Planner/Tech	\$73,271	\$79,530
Town Planner	\$86,403	\$92,662
Health Officer	Minimal or small stipend	Minimal or small stipend
Local Emergency Management Director	Minimal or small stipend Possible FEMA funds can cut cost by 50% on shared position	Minimal or small stipend

As an example, rather than hiring three new building inspectors to implement and enforce the new state building code, three towns decide they might hire one inspector to serve the three towns with SMRPC doing the hiring, the towns authorizing SMRPC to act on their behalf (including appointment) and SMRPC taking care of the needed administrative issues. The towns would need to commit to the hours needed by town to make the position full time and thus receive the level of service they desire (one town may need 10 hours, another 20 hours and another 10). A contract would then be developed with SMRPC.

This concept as well as others are described in more detail below.

It should be noted that the Health Officer position was raised as a viable short term need. All communities are required to have a local health officer. Many times the Town manager simply assumes that role as part of his/her numerous other duties. The position is usually unfunded, however with the rise of health issues such as Lyme Disease, H1N1, etc. the position may take a more high profile role. Yet, it is not likely going to be a full or even a part time need on a town by town basis. It seems particularly suited to a sub-regional position either through the Council of Governments or through agreements by the towns.

Legal Considerations

A number of vehicles are available to municipalities to provide services on a regional or sub-regional level. As part of this study, the group looked at some of the legal issues surrounding these options. The following analysis was provided by Attorney Natalie Burns of the firm Jensen, Baird, Gardner and Henry:

*1. **Services sharing agreement.** This is the mechanism used by Cumberland and Yarmouth and by Westbrook and South Portland. Under these agreements, one municipality is the employer and the other agrees to pay for services. The agreement may establish a set amount of time, or it may provide for some flexibility. The employer municipality is responsible for the salary and benefits, but can cover some portion of those through the established charges.*

The agreements establish which municipality will serve as the employer and states that the other municipality will appoint the person or persons and that they will serve as agents for applicable statutory or ordinance requirements. The agreements must contain a clear scope of services and must also provide for indemnification of the employing municipality for any claims that may arise out of the work done for the non-employing municipality. The South Portland-Westbrook agreement is particularly interesting as it is for all of the assessing office staff and not just the City Assessor.

The contracts can be written so that they automatically renew each year unless notice is given a specified amount of time in advance of the renewal date. In a Town Meeting town, there may need to be a provision that states that renewal is subject to funding by Town Meeting; that depends upon whether the Town Meeting is scheduled in such a manner that the termination notice could be given in accordance with the terms of the Agreement if funding is not approved. This funding authorization issue is one that will apply to any type of contract discussed in this letter.

Municipalities who share services in this manner will want to make sure their insurers are aware of these agreements. The major concern with this type of agreement is ensuring that all affected municipalities are committed to a sufficient level of services to make the agreement work financially. In addition, appointments and removal of officials that are covered by statute, such as code enforcement officers (see 30-A M.R.S.A. § 2601-A) must still be done in accordance with the requirements of applicable statutes. In addition, agreements must be specific as to responsibility for the costs of required training and certifications.

A potential concern about this type of sharing agreement is that there are no cases that address liability issues if the employee of one municipality does something that results in a liability claim while working under a contract for another municipality. While indemnification agreements should be able to address these issues, it is not a settled area of the law.

2. Provision of services through a regional organization, such as a Council of Governments (30-A M.R.S.A. §§ 2313, 2321). *In this type of arrangement, the Council of Governments would be the employer and municipalities would contract with the COG for a specified level or amount of services. As is true in any contract situation, the municipality must make provision for payment for all required services, such as attendance at Zoning Board of Appeals meetings or court for a Code Enforcement Officer, Planning Board for a Town Planner and Town Council/Board of Selectmen meetings for all. 30-A M.R.S.A. § 2313 includes a broad grant of powers for the regionalization of services and Section 2321 authorizes Regional Planning Commissions to provide planning services. In this case, SMRPC would be the employer of the providers of the services. As is true for services sharing agreements, municipalities would notify their insurers about the existence of the contract with SMRPC. Again, there must be a commitment to a sufficient level of services and the agreement would have to include specific termination provisions that allow SMRPC and participating municipalities ample time to do annual budget and staffing planning.*

One of the advantages to this kind of arrangement is that the service agreements can specifically provide that the providers are independent contractors and not employees of the Town, which addresses liability issues. Insurance would be provided by SMRPC, with the cost rolled into the price for services.

Hiring of any official, such as a code enforcement officer, through this mechanism also does not change the statutory provisions concerning annual appointment and termination. If there is not a controlling State statute on a specific position, an individual municipality may have Charter or Ordinance provisions that contain applicable requirements. These issues would have to be addressed during the contracting process to ensure that all applicable legal requirements and limitations are addressed.

3. Interlocal agreements (30-A M.R.S.A. § 2203). *While this type of arrangement is similar to the contractual arrangements discussed in 1, the statute requires additional procedures, including certain contractual requirements, including the creation of a joint board or other administrator to administer the contract. The interlocal agreement has to be reviewed by the regional council, which is to comment upon the regional significance of the agreement, prior to the parties entering into the agreement. Once finalized, agreements have to be filed with the Secretary of State and each municipal clerk. The statute requires that the agreements be approved by the municipalities' governing bodies. If an interlocal agreement is used and a new entity is created to administer the contract, the entity typically would serve as the employer.*

4. Other statutory provisions. *As a final note, there are specific statutes that authorize shared assessors (30-A M.R.S.A. § 2526(5)(B)-single assessor; 30-A M.R.S.A. § 4171-electrical inspector may be hired by two or more municipalities that join together). These statutes can be used for sharing of these specific types of services either in place of the types of agreements discussed above or together with an agreement, but they have specific procedural requirements. For example, the shared assessor statute requires that*

the participating municipalities enact ordinances creating a single assessor. Once the ordinance is in place, the municipal officers appoint the assessor for a term not to exceed five years.

Examples of inter-local and shared service agreements are shown in Appendix C.

Constraints

A number of constraints were highlighted and discussed during the analysis of and review of sharing services: These are summarized here:

1. The actual cost savings of combining municipal functions and services was unclear. Some services vary from year to year as far as workload and capacity. For instance, hiring a building inspector for multiple towns appears to make sense, yet no one is clear on the amount of building activity that may take place and thus what the demand may be. In this context it is difficult to budget for such a position.

For other positions such as Health Officer, it is not something the towns have really budgeted for at all at this point in time, so no cost savings would be evident.
2. From the Council of Government perspective, the towns would need to commit for a specified period of time if the COG were to provide a full time employee to be shared amongst more than two municipalities. For instance, the COG would not want to go through a hiring process for a planner, hire someone full time only to have the towns decide six months into that employment that the work load is not sufficient for that type of work. It would seem such an arrangement would need to be in place for at least a year.
3. Basic logistical issues such as reimbursement for travel costs, hours spent within a town hall, the number of night meetings for certain types of employees and administrative support were also raised as issues.
4. Finally the obvious issues associated with the customer service that townspeople might expect (from a local assessor or a code officer/building inspector for instance) and having a person somewhat removed from the day to day operations within the town (whether they are located at a COG or are working from their home) would need to be resolved.
5. Finally there are some legal considerations as outlined above in the analysis prepared by Natalie Burns. These primarily concern liability

coverage and issues related to town charters and appointment procedures. These are not necessarily drawbacks but more procedural in nature.

Energy

Another opportunity which arose during the course of the year related to energy efficiency and working across town lines in an attempt to achieve dollar savings and carbon reduction. The towns of Kittery, Eliot, South Berwick, York, Ogunquit and North Berwick agreed to jointly apply to Efficiency Maine for a \$500,000 grant to establish a Revolving Loan Fund, training initiative with York County Community College and develop a sub-regional educational program on energy efficiency for the towns in the region. The effort was fully supported though the efforts of this grant with Kittery taking the lead on the application. The towns were awarded the grant on February 12, 2010. A brief outline of the project is provided in Appendix D.

Facilities

The towns also discussed and analyzed possible joint purchase and/or sharing of facilities and equipment. A review of the Capital Improvements Plan for each town showed little if any opportunity for the joint purchase of equipment. For instance, there were no similar equipment or capital items that appeared for each town within the five year time frame analyzed. Any items that towns might jointly purchase were more “wish” items than necessities – such as storm drain cleaning equipment. The Managers felt that in the current financial climate even purchasing these items to share would not likely pass a local budget process.

The Capital Budgets by town are provided in Appendix E.

In the end, the Managers agreed to share their capital improvement budgets on a year to year basis with SMRPC collecting these budgets and assessing any opportunities which may arise.

Recommendations/Next steps

1. Continue to meet

The group seven town should continue to meet on at least a bi-monthly basis to discuss opportunities that may arise for the sharing of services – particularly as budgets change, existing employees retire and capital needs arise. It is clear that options for collaboration may arise quickly. SMRPC can act as a convener of these meetings. The following recommendations are a starting point for those discussions.

2. Look at CIPs yearly

The towns, either during these meetings, might share their capital improvement items and/or establish a process to share their capital equipment plans on a yearly basis amongst the group to see if there is any common needs.

3. Seek demonstration project money to use SMRPC as service provider

While the towns expressed interest in utilizing SMRPC as a service delivery agent, there was concern amongst all entities on whether such arrangements – hiring a regional building inspector for instance – would in fact be cost effective. Most agreed there was really no way to know that without undertaking it as a project for a year (or more). With budgets as tight as they are, experiments in sharing services were seen as a difficult sell to the public. For that reason, the group agreed that grant and other opportunities should be investigated to run a program model for sharing services if the situation arose.

4. Use service agreement models for two town service projects

Some towns already share services such as North Berwick and South Berwick sharing an assessor. The models provided in this document and other sources (such as MMA) should be utilized by towns who wish to share an individual or service. The most appropriate use of this model would seem to be on a two town basis.

5. Create a liaison group to have between two and four meeting with officials from the Portsmouth Naval Shipyard.

The Portsmouth Naval Shipyard plays an enormous role in the economic well being of the seven town area involved with this project. Over the years the towns have been directly engaged in helping the Shipyard survive BRAC efforts and also looking at ways to integrate the mission of the shipyard with economic development activity of the region (such as looking at options for the former prison and utilizing unused space at the facility). Kittery as the host community is well positioned to once again begin a dialogue with the Shipyard on issues that might contribute to the efficiency of the base and Also might have some benefit to the communities in the region (such as sharing of personnel and equipment). These efforts can begin at any time.

6. Seek grant funds to complete the labor force study outlined in Appendix F.

With the help of SMRPC the communities should begin to research grant and other funding options to conduct a labor force study as outlined in this report.

This would serve to highlight opportunities and constraints for future economic development activity in the region.

7. Identify adequate available space to locate an SBDC Counselor and work with SMRPC and MSBDC to have person spend a day in sub-region.

The group felt that having a SBDC Counselor available to the sub-region to assist the numerous small businesses in the area would be a tremendous benefit. South Berwick has offered to make space available for that situation. A meeting of the towns and the SBDC/SMRPC should be set up to begin working on a permanent or as needed presence in the seven town region.

8. Continue to work with and support SMRPC's efforts to create a new EDD to cover area.

The work of the towns in supporting the efforts of SMRPC to establish a York County wide EDD should continue to be pursued. The towns are all engaged in the York County Advocacy Group efforts as well. This group works with York County legislators on education and dialogue on issues that are critical to the region. The York County EDD is one such issue.

9. If opportunities arise seek funds to support a regional economic development position.

Although it is not clear if funds exist for such a position, the group should seek financial support for a sub-regional economic development professional is a grant opportunity should arise.

10. Work with SMRPC to identify and apply for funds for new revolving loan funds that service sub-region.

SMRPC currently operates a very successful Brownfields Revolving Loan Fund. With this experience SMRPC might also seek funds for other revolving loan funds for small businesses, energy projects and other projects that can benefit the region. There are a number of models for these programs and the seven towns should be prepared to support an RLF if the opportunity arises.

11. Look at local/regional EMA position and funding

All towns currently employ (in varying degrees) an Emergency Management Director. Some towns may in fact need their own. However, it is possible a sub-regional EMA Director could be employed. According to York County EMA grant funds may be available to pay for half of such a position. It would also cut down on training costs and would represent a single point of contact in times of emergency.

12. Regional Health Officer

As noted earlier towns are required to appoint a health officer for each community. However, these can be shared positions. While there may not be any costs savings involved (as most towns do not even appropriate money for the position) hiring a person for the seven town region may be a way to provide an additional service at a low cost. With health concerns on the rise, it might serve as a model for other communities. Discussions should take place with the recently formed York County District Health Council about such a position.

Conclusions

The communities of southern York County have a long history of collaborating and working together on projects and sharing personnel. Yet there is more than can be done to either share personnel and services or to consolidate their spending power. These opportunities can lay the groundwork for real cost savings and improved services. Rises in municipal budgets coupled with decreases in tax revenues creates the opportunity and political environment for further collaboration.

With rapid change in technology, improved transportation infrastructure and a mobile and fluid labor force, economic and business development rarely is confined to municipal borders. In southern York County, this development rarely occurs in a single State. Increasingly communities are coming to understand that economic development efforts are more successful in areas where communities collaborate on a regional or sub-regional basis.

The old smokestack chasing method of trying to attract a single industry or business to locate in a community is rarely successful, especially in the Northeast and Maine. In addition to being ineffective, this method is costly and pits community against community in a win-lose situation. Many communities in Maine such as Lewiston-Auburn and Biddeford-Saco find that collaborating as opposed to competing creates a win-win situation.

The communities of southern Maine have a number of impediments which have a drag on economic development efforts. These impediments include a close proximity to a State with real or perceived tax benefits, relatively small individual labor forces and in some cases limited access to transportation networks.

By joining forces and collaborating, the communities of southern Maine count a population of more than 55,000 persons. If it were a single community, the sub-region would be the second largest community in the State of Maine. By joining forces the sub-region could flex its political muscle and become an economic powerhouse in the State. The question remains, do you want to work together and thrive, or stand alone and retain the status quo?

