

Local & Regional Economy

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

<i>Policies</i>	<i>Strategies</i>	<i>Responsibility</i>	<i>Implementation</i>
<i>To support the type of economic development activity the community desires, reflecting the community's role in the region.</i>	If appropriate, assign responsibility and provide financial support for economic development activities to the proper entity (Economic Development Office/Consultant)	Town Manager Economic Development Board of Selectmen	Ongoing
	Maintain, enact or amend local ordinances to reflect desired scale, design, intensity, and location of future economic development	Town Manager Economic Development Planning Board Board of Selectmen Code Enforcement Officer	Ongoing
<i>To make a financial commitment, if necessary, to support desired economic development, including public improvements.</i>	If public investments are foreseen to support economic development, identify the mechanisms to be considered to finance them (local tax dollars, creating a tax increment financing district, a Community Development Block Grant or other grants, bonding, impact fees, etc.)	Town Manager Economic Development Board of Selectmen	0-2 Years
<i>To coordinate with regional development corporations and surrounding towns to support desired economic development.</i>	Participate in any regional economic development planning efforts.	Town Manager Economic Development Board of Selectmen	Ongoing

The Town of Madison incorporated March 7, 1804. The first settlers began a tradition of an agricultural economy, which continued in Madison for generations. Farming on a large scale in Madison has decreased over the years, while logging remains a vital part of the current economy.

The first bridge in Madison crossed the Kennebec in 1860, to serve villages on both sides of the river. The first dam was constructed around the same time, which harnessed power for the manufacturing of lumber. In 1888, a paper company organized to make pulp and purchased the title to power from the dam. Around the turn of the century, the reorganized Great Northern Paper became Madison's major employer.

The paper industry underwent significant changes in the 1970's, when economic difficulties forced the closing of the mill, resulting in a significant impact on the Madison economy. In 1981 the New York Times partnered with a Finnish paper company named Myllykoski, and reopened **Madison Paper**. Upgrades in technology changed the look of the paper mill work force, resulting in fewer jobs which required more technical skills. In 2010 Myllykoski sold Madison Paper to UPM of Finland. To date the new owner has made significant investment into the **UPM Madison** facility indicating another generation of local pulp and paper employment. Currently UPM employs approximately 200 local residents. Most jobs at the mill require post high school education. Changes in the global paper market will result in changes to the mill's future valuation. Public input indicates confidence that the paper industry will adapt to market changes and continue to contribute to Madison's tax base.

Established in 1888, **Madison Electric Works** is a municipally owned electric company, serving approximately 2,300 customers and includes a service area of most of the western half of Madison and portions of Anson, Starks and Norridgewock. Madison Electric Works does not serve the entire community of Madison and those residents must pay the higher electric costs of Central Maine Power Company.

MEW is governed by the Maine Public Utilities Commission (PUC). In 2006, environmental regulation required the removal of the only generating facility owned by MEW, a dam on the Sandy River in Norridgewock. MEW delivers 100% of its energy from the ISO New England grid system, contracting with the lowest energy provider. Oversight is provided by a locally elected board of directors, who employ a superintendent, 3 office personnel, and 6 linemen.

In 1997, MEW constructed a new facility on Route 148. The additional land purchase for the building subsequently became the **Madison Business Gateway Park**, with 11 lots available for business development. The 87 acre park was paid for with EDA and bond funding. Madison officials continue to promote the site to all businesses interested in expanding or locating where lower cost electricity, underground utilities and high speed internet are already in place.

In 2005, **US Functional Foods** approached Madison for land to construct a commercial 17 acre tomato greenhouse after the developers read an article about the low electric rates offered in the Business Gateway Park. Town officials assisted in finding a large tract of farmland suitable for the business to purchase for the project, streamlined the local permitting process, obtained grant funds for an electric upgrade at the site, established a Tax Increment Financing (TIF) District and assisted the company with obtaining tax credits under the state's Pine Tree Development Zone Program.

The end result of the initial contact by three international developers resulted in Fidelity Investment's **Backyard Farms**, which in 2005/06 totaled \$80 million dollars of capital invested in Madison. A second, 24 acre greenhouse, opened in 2009, created 75 additional jobs, bringing Backyard Farm's total number of employees to approximately 200.

Along with UPM and Backyard Farms, the town's major employers include, MSAD#59, Maplecrest Living and Rehabilitation Center, and Hannaford - providing over 800 local jobs. In the downtown area, Campbell's Hardware and Building Supplies, Reny's Department Store, Family Dollar and the Town Office provide an additional 100 jobs. Outside of town, Redington Fairview General Hospital, New Balance Shoe Factory, and SAPPI Fine Paper also provide local residents with employment.

In 2010 the Town of Madison began to consider a major undertaking: developing and maintaining a natural gas pipeline from the Augusta area to Madison Paper. The town asked residents to approve a 72 million dollar bond to compete with Kennebec Valley Natural Gas. In 2010 voters rejected the bond, and Kennebec Valley announced it was being purchased by a Colorado based company named Summit Utilities. Summit then began the process of planning to build a pipeline that will serve the Madison area.

The Summit plan proposes natural gas service to over 52,000 residents and businesses from Augusta to Madison. It is estimated that natural gas could provide a cost savings of 30 to 50% in heating costs. In addition customers like UPM Madison, Madison Electric, and Backyard Farms could benefit from access to natural gas. In the summer and fall of 2013 miles of pipe were installed to bring natural gas to the area with the anticipation that hook ups could be available for local residents and businesses by mid-2014.

Local Small Business

The original Madison village developed where the downtown area is today. Business and industry located in the same area as need arose for products. Historic records indicate shoe manufacturing, dry goods, groceries, window maker, carriage makers, blacksmiths, masons, a grist mill, woolen mill and starch factory shared village parcels of land with homesteaders.

Today the downtown area continues to house several local businesses. However, aging buildings and a slow economy have resulted in vacancies along Main Street. Until recently, building owners were not interested in leasing because the rental income would not cover the cost of heating. In 2010 a Policy One planning survey of Madison's downtown businesses and building owners indicated that lower heating costs would influence future decisions to stay, grow or invest in downtown Madison. Since 2010 several downtown businesses have converted to low cost electric heat, or propane in an effort to be able to adapt to the availability of natural gas.

At the 2011 Annual Town Meeting residents approved a Comprehensive Plan for Madison's Downtown area. The plan's recommendations include working to create a marketing theme for the downtown, highlighting historic buildings and features, and improving infrastructure and access to affordable energy. Public input indicates that any work on the downtown should include access to parking, public restrooms, a restaurant and unique shops.

While the downtown area is a focal point for the community, business development and economic growth is found along routes 148 and 201. Between the two corridors there are 54 businesses, accounting for 25% of the small business base in Madison. Efforts to expand development along Route 201 are a local priority and are included in The Kennebec Valley Council of Government's most recent comprehensive economic development strategy. The local Code Enforcement Officer and the Planning Board relies on the Site Review Ordinance to ensure that industrial and commercial development is compatible with the surrounding land use and landscape.

Detailed discussion of Agriculture and Forestry will be provided in a separate section of this plan, yet it should be noted that both resources have contributed to the development of Madison historically and still remain vital in the community. Traditional dairy farming has decreased over the years, yet Madison still possesses a significant amount of important farmland.

Madison continues to participate in regional development strategies for marketing locally grown foods and helping farmers to contact state legislative representatives and committees with regulatory issues that negatively affect the farming community. Many local businesses depend on the region's forest resources, as many local people work at these businesses or are self-employed, working in the woods or transporting wood products.

In 2010, Madison Business Alliance was formed to support the local economy. The business group established four committees to address development in Madison; promotion, visual impact, organization and development. The Alliance currently has 75 members, nearly a third of the approximately 225 businesses registered in Madison.

Self-employment or micro-businesses, those involving four or less employees make up 35% of the small businesses located in Madison. Although many of these operations are home based they play a vital role in the local economy, providing goods and services.

Compared with other regions of the state, tourism has not been a significant part of the Madison economy. Without a large hotel or motel, visitors tend to stay elsewhere, such as Skowhegan or Waterville. Madison does have the Colony Inn bed and breakfast, two overnight campgrounds for seasonal camping, and access to Lake Wesserunsett and the Kennebec River for outdoor recreational activities. Public input indicates tourist and recreational attractions in Madison that are under promoted.

Tourism priorities should focus on the Lakewood Village Area where the Lakewood Theater and Restaurant and the Lakewood Golf Course continue to offer locals and tourists a wonderful recreational experience. In addition, a tourism focus should highlight the fishing and kayaking available on the Kennebec River in Madison, as well as many of the multi-use trails in the area. The Town has amended its TIF agreement with Backyard Farms to include funding to help develop tourism related projects including River access and trail development.

Traffic patterns indicate that migration flows in and out of Madison. People travel out of town for services in Skowhegan, and many people from Anson travel into Madison for services. In public meetings regarding the local economy, it was noted that the town lacks an internal focus, which has resulted in a commitment to support local community; such as Madison/Anson Days in the summer and the Annual Christmas Celebration in the winter.

Workforce

Madison is part of the Skowhegan Labor Market Area (LMA), which tracks unemployment figures for an area that stretches from Norridgewock to Caratunk. Over the past six years the Skowhegan LMA has seen a steady increase as the local unemployment rates consistently outpace state and national figures.

Table A.10 - Skowhegan LMA	2006	2007	2008	2009	2010	2011
Unemployment Rate	7.3	7.4	8.0	10.8	11.2	10.6

State of Maine Rate	4.7	4.7	5.4	8.1	8.2	7.5
National Unemployment Rate	4.6	4.6	5.8	9.3	9.6	9.0

When it comes to the distance traveled to work, 82% of Madison residents reported a commute of less than 35 minutes, and 40% with a commute of less than 15 minutes.

Figures from the 2010 US Census indicate Madison has a work force of nearly 2,000 people. The following table (A.11) breaks down employment by occupation based on data from the American Community Survey's 5 year estimate.

Table A.11 - Employment - Occupation, 2010	Madison	%
Total	1,992	-
Management, professional, and related occupations	565	28%
Sales and office occupations	411	21%
Production, transportation, & material moving occupations	363	18%
Service occupations	272	14%
Construction, extraction, and maintenance occupations	265	14%
Farming, fishing, and forestry occupations	83	5%

Median Household income is another indicator of a community's economic health. The data in Table A.12 provided by the US Census compares Madison's Median Household income with that of other towns in Somerset County.

Table A.12 – Median Income/Town	1990	2000	2010
Madison	\$21,720	\$30,528	\$35,720
Skowhegan	\$22,165	\$28,390	\$31,429

Pittsfield	\$22,787	\$32,868	\$40,042
Fairfield	\$26,868	\$36,462	\$46,685
Somerset County	\$22,829	\$30,731	\$36,647
Maine	\$27,854	\$37,240	\$46,933

In January 2013, the Center for Workforce Research and Information released its Job Outlook to 2020, including employment trends in the state of Maine. Among the expected: 9 out of the top 10 projected job growth occupations are in the health care field. Wages range from \$11 per hour (non EMT ambulance drivers) to \$33 per hour (diagnostic sonographers), and in most cases these jobs require only an associate’s degree.

Tax Increment Financing (TIF)

The significant economic change created by Backyard Farms added to Madison's opportunity for business growth with a TIF District. The program shelters the town from tax shifts, so that it does not have to pay increased county taxes, or lose some school subsidy and revenue sharing. In turn, Backyard Farms is reimbursed personal property taxes. The town currently has a 70/30 agreement with Backyard Farms which could increase to 75/25 based on development and job creation. The Town has approved the Board of Selectmen to determine how to best spend TIF dollars. State law dictates that projects must be connected to economic development, and the total amount of land that can be designated as a TIF district must be less than 5% of the total land within the town.

Over the past 30 years the Town of Madison entered into three TIF agreements: Madison Paper & Specialty Minerals Inc. which have expired, leaving the current agreement with Backyard Farms.

TIF dollars are used to fund the local Office of Community and Economic Development which is overseen by the Town Manager. The Office administers local business assistance programs such as a revolving loan fund and a matching grant program. The following table (A.13) lists programs and projects that have benefited from the use of local TIF dollars since 2005.

Table A.13 – TIF Projects	TIF Dollars Spent	Notes	Timeframe
Marketing: Business Gateway	\$495,453.30	Madison Paper TIF	July 2005 - June 2010
Dues/Fees	\$110,132.75	KVCOG/Legal/ Engineering	July 2005 - June 2012

Downtown Revitalization	\$511,608.02	Includes Pine St Project	July 2007 - June 2012
Revolving Loan	\$60,000.00	One Time Deposit	July 2008 - June 2009
Economic Development Dept	\$334,688.61	Salary/Misc Dept Expense	July 2008 - June 2012
Removal of Main St. School	\$319,000.00	Created Municipal Parking	Feb 2013 – Nov 2013
Total	\$1,830,882.68		

Public input indicates that priorities for TIF spending should be infrastructure, followed by addressing slum and blight, business development and municipal expenses. It is proposed that the selectmen create a project list that could be published in the town report each year so that residents could see what is under consideration for TIF.

Based on public input the Madison Board of Selectmen amended to the current agreement with Backyard Farms, outlining 13 specific new projects for TIF dollars through 2035. That amendment received approval from the Maine DECD in March 2014.

In addition to business support and recruitment, the priorities of the Office include Downtown Revitalization, development of the Route 201 corridor, marketing the Business Gateway Park, and promoting local tourism destinations such as the Lakewood Village and access to the River.