

Chapter 5: Economic Activity

INTRODUCTION

Economic activity is a fundamental part of the overall well-being, comfort and maintenance of the population of the Region. The fostering and development of sustainable commercial, manufacturing, and industrial resources and facilities contributes to a sound and diverse employment base.

This chapter seeks to define the strengths, challenges, and opportunities that constitute the Rutland Region's economy and can influence its future. The information in this chapter is summarized from the *Rutland Region Economic Development Strategy* adopted by the Rutland Region Workforce Investment Board in the Spring 2007. This *Strategy* is intended to serve as the primary guide for coordination efforts to advance regional economic development. The emphasis is in supporting the development of a dynamic, diversified, and resilient economy characterized by a strong workforce and a solid base of small and large firms. This document will form the basis for a formal CEDS application (see sidebar definition).

CURRENT CONDITIONS

Major Industry Sectors

The major revenue generators in the County include the manufacturing, wholesale, and retail trade industries. Seventy-four percent (74%) of all private businesses in the County are small, unincorporated businesses with owner operators and no employees. Although small independent businesses account for a large number of establishments, they only account for seven percent (7%) of total business receipts in Rutland County.

There are three businesses in the Region employing over 1,000 workers. These establishments accounted for 10% of the workforce in 2002 and operated in the manufacturing, healthcare, and recreation industries.

Service and manufacturing industries switched places in the past two decades in terms of total industry earnings; currently they represent 30% and 20% of total industry earnings, respectively. Along with the service sector, agricultural services and mining have also experienced dramatic percentage increases, although the only significant impact on job growth is in the service sector.

Factors Influencing Economic Growth

The Rutland Region is home to a wide variety of natural resources. These resources have spurred business related to recreation, such as skiing, snowboarding, foliage-viewing, hiking, cycling, and hunting, as well as industry related to the extraction of these resources, notably marble, slate, and gravel, among others. In many cases, these resources have been used to build unique and historic structures that have enriched the Region and helped to define a community identity.

The Region's transportation networks are generally adequate. Principal arterials, rail, and a state airport all provide connections to larger markets elsewhere. The roads and bridges serve as the primary transportation method for goods



The movement of goods is integral to the Region's economy. See Transportation chapters for discussion of needs and strategies.

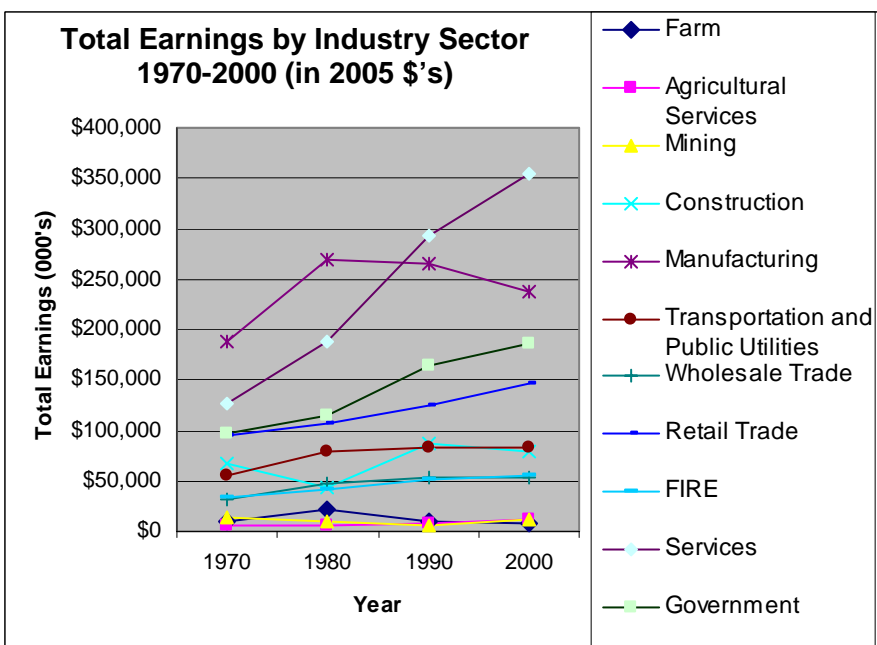
There is uncertainty about the future electricity supply as large contracts are set to expire. See the Energy section for a fuller discussion of the issue and potential solutions.



DEFINITIONS

CEDS: Comprehensive Economic Development Strategy

This term indicates that the US Economic Development Administration has approved a region's economic development document, the planning process used to create it, and the formation of an ongoing effort to implement the strategies contained in it.





FAST FACT

PROXIMITY TO OTHER MARKETS

The Rutland Region is located within less than one hour's drive from several small cities with strong economies that influence our area, notably Ludlow, Middlebury, Manchester, and Woodstock. Burlington, VT and Albany, NY - both sizable metropolitan areas - are within a couple of hours drive of this Region. Several major metropolitan centers including New York City, Montreal, and Boston are all within half-a-day driving distance.



Public access to high-speed and/or wireless Internet at libraries and other venues is helpful (see Libraries chapter for discussion). However, there is demand for more extensive service availability in the more rural parts of this Region.

This demand can be met through planning and implementation on a statewide level, and in part, through local action.

This topic is covered in greater detail in the Telecommunications chapter.

treatment infrastructure systems in the Region function well. The lack of this type of infrastructure in many parts of the Region, however, makes these areas more suitable for local businesses than for large scale economic growth.

Electricity capacity and supply is generally available at rates comparable to, or better than, other states in the Northeast.

Telecommunication services are highly variable across the Region. The central and western part of the Region is well-served by high-speed Internet connections provided by local telephone companies. This feature allows a number of smaller businesses to market their wares and services both nationally and internationally—dissolving former barriers experienced in this rural area. From maple syrup producers to magazine editors, this part of the Region is home to many entrepreneurs using the Internet to conduct business and this sector has a vast potential for expansion. Communities in the more mountainous eastern and southern parts of the Region have not in all cases been served by high-speed Internet.

As telecommunications technology continues to develop and their use becomes more widespread, expectations are rising to the point that those without access to the latest technologies, or with limited access such as dial-up Internet services, are at-risk of being left behind.

Regional Workforce and Employment

Government, health care, and manufacturing are sectors that generally pay livable wages. Together, they employ a 40% of the County's workforce. At the other end of the spectrum, two sectors – accommodations/food service and retail trade – account for nearly 30% of the County's employees, and offer the County's second and fourth lowest average wages respectively.

UNMET NEEDS

Infrastructure Gaps

Gaps in telecommunication service, needed freight rail line improvements, lack of an interstate highway, and limited and vulnerable road and bridges are all challenges to the Rutland Region's economic growth.

As the primary method of transport for goods and people, as well as emergency response, the road system is weakened by its limited redundancy (alternative routes). Significant investment in the Region's transportation networks is needed.

The nearest interstate highways are at least one hour's drive, increasing the cost of doing business. It should be noted, however, that interstate highways typically induce substantial changes to the use of



FOOD FOR THOUGHT

BENEFITS OF SMALL BUSINESS DEVELOPMENT

- Helps to preserve local character
- Increases involvement in local decision making
- Lends greater support for other areas of the local economy
- Innovation and prosperity fuel entrepreneurship
- Public benefits are high without high costs
- Greater environmental sustainability
- Fosters healthy competition
- Increases product diversity

Ten Reasons why Vermont's Homegrown Economy Matters, The Preservation Trust of Vermont and the Institute for Local Self-Reliance, October 2004; available at www.ptvermont.org, as reported in CEDS.

land in adjacent areas and affect the character of their surroundings. These impacts are important to consider when addressing this concern.

The Rutland Region is fortunate to host one of Vermont's major railway nodes as well as an airport providing daily service for product delivery and passengers. The challenge for both these resources will be upgrading and expanding to support ongoing economic growth. For example, though it is heavily used, the location of the rail yard limits its efficiency and poses some safety risks. It is neither convenient to the rail system nor ideal for the community.

Workforce Challenges

The ability to find qualified employees is constraining business growth across industry sectors. Extensive interviews with the Region's employers have revealed that the availability of a trained workforce is limiting job growth. Skilled professionals set to retire are not easily replaced by the existing, younger workforce. This has resulted in some companies foregoing opportunities for expansion. In some sectors, there has been a need to import workers from outside the Region, including internationally.

A parallel problem has been a wages in lower-paying job sectors. In some sectors, they are below livable wage levels. In order to meet the costs of quality health care and child care (in addition to the basic costs of housing and food) many

families have adults working more than one job. This leads to a decline in volunteerism, lack of participation in schools, community service, and inability to pursue continued education due to strain brought on by economic hardship.

The rising cost of health care continues to place pressure on employees and families to meet these basic needs. It is also impacting the bottom line of many businesses in the area.

Maintaining a healthy workforce is a key economic concern for the Region, not only to support its physically demanding jobs, but also for improving overall productivity and reducing absenteeism.

Development Constraints

The Region's topography and extensive stream network place limitations on which areas can appropriately handle growth. In addition, there is a tension between the need for new development and the desire to maintain the rural character of the Region. While a reasonable amount of increased density in concentrated areas would be one part of the solution, this notion is accepted and encouraged in only a few municipalities.

On the other hand, controlled growth is one of the things that make this Region appealing to people accustomed to and/or seeking a rural lifestyle that is different than much of the rest of the country. In this way, the limitations on growth are both an asset and a constraint. Communities need to consider the best balance for them



DEFINITIONS

YEARLY LIVABLE WAGE is calculated by the Vermont Joint Fiscal Office and considers a family's basic needs, plus all applicable Federal and State taxes.

Food, housing, childcare, transportation, health care, clothing, household and personal expenses, insurance, and 5% savings are factors in the calculation of basic needs.



FAST FACT

Yearly livable wages for:

- Single Rutland County resident, no children: \$26,430
- Two-parent family, two children: \$45,706

(Source: Vermont Livable Wage Campaign)



FOOD FOR THOUGHT

Like many states in New England, Vermont's workforce is aging. With youth retention on the decline, it is increasingly important that local businesses and industry improve their standing with aged employees, whose skill and experience are a true asset to the workforce.

ADDRESSING THE REGION'S AGING WORKFORCE

National organizations, such as Civic Ventures, are working to promote aged-worker retention at the local level.

Civic Ventures offers programs that target communities, businesses, and individuals, with a specific drive to reconnect industries with the aged workforce, and to reconnect the aged workforce with the plethora of

opportunities available in services throughout the Region.

Civic Ventures also promotes networking between businesses, the aged-workforce and youth still involved in education, to develop mentoring partnerships that strive to transcend skill and experience to the workforce of tomorrow. www.civicventures.org



SEVERAL HIGHER EDUCATION INSTITUTIONS are located in the Region: Castleton State College, College of St. Joseph, Community College of Vermont, and Green Mountain College. In addition, Stafford Technical Center serves both youth and adults.

These resources are well placed to help fill the gap in skilled labor needed to make the region more competitive. See Education Section for discussion.

A more detailed Demographic and Socioeconomic analysis of the Region can be found in the Regional Profile chapter.

as there are a number of consequences to how this issue gets decided and handled including issues of housing affordability for the next generation of Vermonters.

FUTURE TRENDS

Demographic & Socioeconomic Trends

According to the 2000 Census, the population of the Rutland region is experiencing a high rate of outmigration of youth. The results have been a limited rate of population growth and an aging population on the whole.

The population of Rutland County grew by only two percent between 1990 to 2000, a much slower rate than the State.

Rutland County residents are aging. The median age of Rutland County residents in 1970 was 28.5 and 39.5 in 2000. Twenty to 35 year olds accounted for only 12% of the county's total population in 2000.

While these trends are consistent with rural areas in general and the Northeast as a whole, it is a concern.

Development Patterns

The Rutland Region has substantial historic and natural resources which contribute to the quality of life for residents while also attracting new residents and visitors. However, as is true across the nation, the trend in development of commercial buildings is to become larger and more generic. This is a challenge to the aesthetics of the Region, which relies heavily upon its rural community character to maintain its identity and to attract visitors and new residents and businesses.

Suburban type housing development is increasing in this region as well. This poses challenges to municipal services as year-round residential housing spreads out, leading to a greater demand and challenge for fire protection, increased road maintenance expenses, and changing attitudes about the scale and role of a municipality.

Case Study: Rutland Region Workforce Investment Board

The Rutland Regional Workforce Investment Board has been striving for workforce advancements and efficiency in the region since 1996. A Nonprofit 501 (c) 3 organization, workforce investment boards were initiated nationwide by federal legislation in August of 1998. The purpose of these boards is to determine the workforce development needs of industry at the local level, and to improve networking with training providers to ensure that these needs are met. The goals of these partnerships are to enhance the skills and earning potential of citizens.

The RRWIB has two chief working committees, the Council on Youth, and the Adult Workforce Council, both of which run several programs in the region.

The Council on Youth sponsors career exposure presentations and workshops for middle-school and early high school students, as well as advocating college connections for juniors and graduating seniors. Professional advisors and industry leaders speak with students on the opportunities present in the region, along with the importance of training to become an efficient and valuable member of the workforce.

The Adult Workforce Council seeks to fill the existing needs of local workforce industries, offering training programs for advancement in the workplace. The Adult Workforce Council also assists businesses in writing successful grant applications so that these companies can afford the training that will keep their workforce active, efficient, and interested.

Rutland's WIB is viewed as a leader statewide—both for its active participation by a wide-range of industry representatives and for its ability to identify and implement projects addressing key needs.

Agricultural Shifts

Agricultural operations nationwide are expanding in size. While this is true for many dairy operations across Vermont and our Region as well, according to 2002 Census of Agriculture data, the trend in Rutland County is toward smaller, diversified farms. These farms tend to rely upon direct marketing and contract growing for regional consumption. While this has led to an overall increase in the number of farm operations in the region, the land needs are different than dairy farms. This could result in a somewhat different landscape than the wide-open meadows associated with this region's recent history.

MEETING CURRENT AND FUTURE NEEDS

Outreach and information collected in putting together the *Rutland Region Economic Development Strategy* (see introduction for explanation) led to the creation of eight major goals areas for the Region.

1. **Improve business climate.** In order to foster a more favorable local economy, the available lands for development must be increased, delays and uncertainties in permitting process must be mitigated, and resources should be used to promote high-tech light manufacturing and rail-oriented businesses.
2. **Improve infrastructure.** Some of the most important projects fall into this category. Key areas of focus are strengthening the road and bridge network, improving rail infrastructure, increasing public transportation and bicycle and pedestrian network, and improving telecommunications.
3. **Develop workforce.** The region's workforce needs to become more skilled and of higher quality, and needs to incorporate young professionals as well as non-traditional

employees. This improved workforce will require higher wages, quality healthcare, and affordable childcare.

4. **Ensure availability of quality housing.** The supply and affordability of quality housing in the region must be increased; housing attractive to young professional families as well as independent senior citizens should be constructed.
5. **Ensure agricultural viability.** Agricultural viability depends on



Agricultural lands are important to the Region's character and will continue to provide a niche economic generator.



Historic Downtown Rutland: The Region's commercial and financial hub

RRPC Staff

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This section is connected to the strategies and concepts in nearly every chapter of the Plan including Future Land Use, Transportation, Telecommunications, Agriculture and Forestry, and Education.

efficient distribution networks and a strong local market. There is a need to build infrastructure to support year-round availability of local goods.

6. **Develop small business and microenterprise.** To encourage small business development, increase wages of owners and expand market for home-grown goods.
7. **Promote recreation, culture and community.** Focus on unique and shared history and culture, promote healthy lifestyles and increase quality of life through efforts such as Creative Economy.
8. **Develop downtown and villages.** Support development that increases the vitality of villages and town centers, which also helps preserve a landscape desirable to visitors, businesses and residents. Raise awareness of the link between rural values, open countryside and vibrant village centers.

There are a number of organizations in the Region working to address these goals and help fill the identified needs. Local towns can be proactive on these issues by forming local economic development committees and learning more about the myriad resources available to assist them.

reflect the Region's value and quality of life.

- Work with Rutland Economic Development Corporation to seek approval from the US Economic Development Administration for the Region's CEDS.
- Work closely with other regional organizations to ensure consistency in direction and programs.
- Seek resources for local towns to upgrade infrastructure, including roads, bridges, rail network, water supply, sewer, and telecommunications.
- Identify and assist in the redevelopment of vacant lots in city or village lots appropriate for infill development.
- Encourage design of commercial architecture in keeping with region's unique character.
- Identify opportunities for inter-municipal collaboration.
- Build agricultural viability by assisting efforts to improve distribution networks and necessary infrastructure.
- Help to create a region that attracts and retains young people and professional families.
- Promote the creation and expansion of social and cultural amenities.

RRPC ACTIONS

- Work with local municipalities to locate community growth areas suitable for locating new firms that

ADDITIONAL RESOURCES

1. Rutland Region Workforce Investment Board
2. Rutland Economic Development Corporation, <http://www.rutlandeconomy.com/>
3. Rutland Region Chamber of Commerce, <http://www.rutlandvermont.com/>
4. Downtown Rutland Partnership and Rutland Redevelopment Authority www.rutlanddowntown.org
5. Local downtown and village center committees. (contact RRPC for list)