

7. Local Economy



Considering Waitsfield's relatively small size and rural character, the town maintains a surprisingly diverse economic base. While tourism remains a dominant industry in the Mad River Valley, Waitsfield has experienced significant economic diversification over the past decade. This is due in part to Irasville's function as the Valley's "downtown" for commercial and service businesses, and recent development activity in Mad River Park (formerly Fly In)—the Valley's only industrial park.

The following chapter highlights relevant economic trends in the Valley, including changes in jobs, wages and business receipts, and discusses the town's economic prospects. In addition to data available from various state agencies and the U.S. Census, information concerning the town's economic outlook was provided in a study entitled *Integrating Economic and Demographic Analysis in the Irasville Growth Center* prepared for the town by Economic & Policy Research, Inc. (ESRI), of Williston, VT in April 2002.

ECONOMIC TRENDS & CONDITIONS

Labor Force

Seventy-five percent of Waitsfield’s population aged 16 and over (1,014 people in 2000) make-up the town’s **labor force** (the labor force excludes retired individuals and others aged 16 or older who are not employed or actively seeking employment). According to the 2000 Census, 73.2% of the local labor force were classified as private wage and salary workers, 11.6% worked for government, 14.2% were self-employed and 1% consisted of unpaid family workers. The percentage of self-employed workers is higher than that for the county (9.5%) or state (10.3%) as a whole. Likewise, Waitsfield has a much higher percentage of local workers who work at home (10.5%) than the county (5.9%)

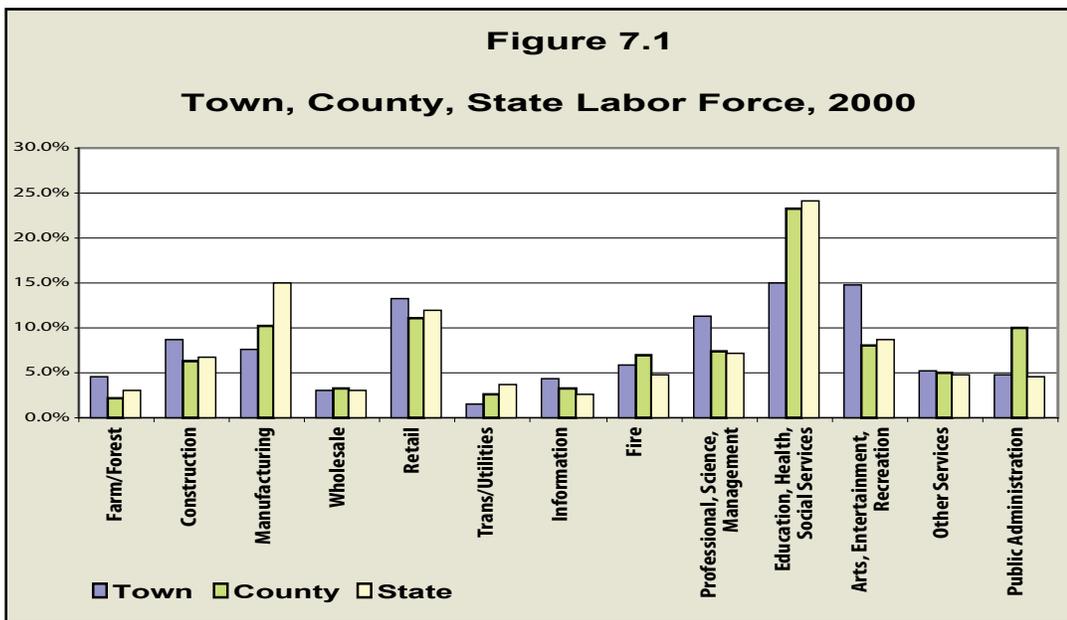
Washington County (3.8%) and the state (3.6%). That Waitsfield’s unemployment rate is higher than that of other Valley towns, the county and state has been a consistent trend for the past 5 years. The reasons for this trend are not clear.

Employment

Waitsfield’s labor force consists of town residents regardless of their place of employment. Local covered employment data, however, identifies jobs located in Waitsfield regardless of the place of residence of the employee holding those jobs. This is an important distinction in that Waitsfield was identified in the EPRI study as a “net importer” of jobs, meaning the number of jobs in town exceeds the number of resident workers.

workers.

Between 1990 and 2000, 336¹¹ new jobs were created in Waitsfield. This accounts for nearly 90% of new jobs created in the Mad River Valley during that period. Waitsfield’s rate of job growth during the 1990s—36%—exceeded that of the county (18.1%) and state (17.5%). Waitsfield, however, accounts for slightly less than 4% of the



or state (5.7%). A breakdown of Waitsfield’s labor force, by industry, is presented in Figure 7.1.

Compared with the county and state, a relatively high percentage of the local population is employed in farming/forestry, construction, retail, professional, scientific and/or management enterprises, information and arts and recreation. A relatively lower percentage are involved in manufacturing, education, health and social services and transportation and utilities.

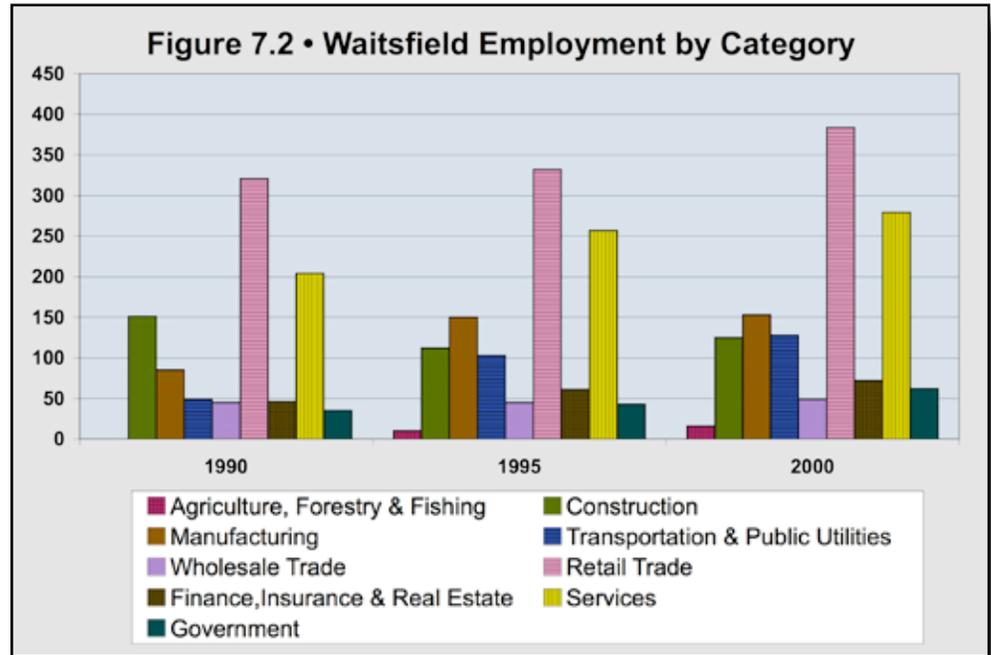
Despite a common perception that Waitsfield (and the Valley) has a very tight labor market, it is interesting to note that the town’s average annual unemployment rate in 2001 was 3.9%. This was higher than the unemployment rate in Fayston (2.3%), Warren (3.4%),

total number of jobs in the county (the town comprises 2.9% of the county’s population).

Industrial sectors experiencing the greatest increase since 1990 include Transportation & Public Utilities (79 new jobs); Manufacturing (68 new jobs); Services (75 new jobs); and Retail (63 new jobs). Government (27 jobs), Finance, Insurance and Real Estate (FIRE—26 jobs), Wholesale Trade and Agriculture & Forestry also saw minor increases. Construction was the only sector to show a decline in jobs over this period (reduction of 26 jobs) (see Figure 7.2).

¹¹Jobs reported include only positions covered by unemployment compensation insurance, which typically exempts sole proprietors. According to anecdotal information and recent census data, sole proprietors account for an increasing percentage of the Valley’s labor force/local jobs.

It is not clear how many sole proprietors and other exempt employees there are in Waitsfield (i.e., not reported on the figure above), although according to the 2000 Census 100 local residents (10% of the civilian workforce) worked at home, and 139 local residents reported being “self-employed workers in own not-incorporated business.” Therefore, the total number of local jobs is likely higher than the 1,268 reported in 2000 and depicted in Figure 7.2 by more than 10%.



Local Employers

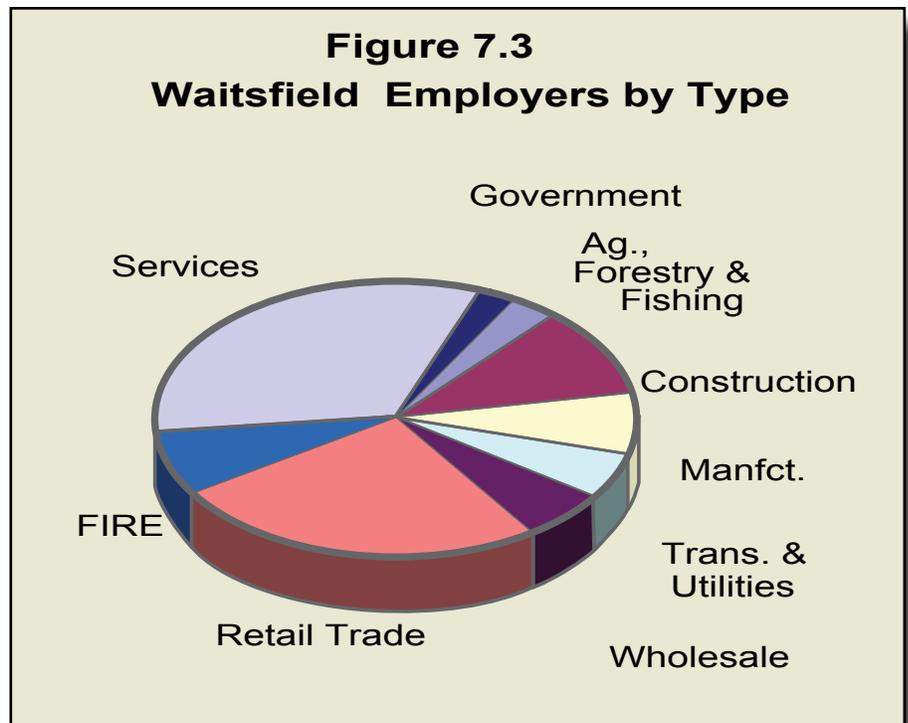
From 1990 through 2000, the **total number of employers** in Waitsfield increased from 176 to 191 (this includes reporting units with employees but does not include sole proprietors and other exempt employers). In 2000, this included 186 private businesses and 5 public sector employers. The average Waitsfield business employ 6.64 workers.

The greatest increase in employers during the 1990s occurred in the Manufacturing, Retail, Wholesale and Services sectors. The number of employers declined in the Construction sector. A breakdown of total employers by industry in 2000 is provided in Figure 7.3.

Thirty-three percent of local employers were in the Services sector, 26% were in the Retail sector, 11% in Construction and 7.3% in FIRE and Manufacturing, respectively. Waitsfield based employers comprise 60% of the total number in the Valley, which is slightly higher than the percentage of Valley jobs located in town (57%).

Wages

Wages in the Mad River Valley did not experience significant growth during the 1990s, although the 1 paid to Waitsfield employees experienced considerable growth between 1995 and 2000 after declining during the preceding five year period. Wages in Waitsfield are considerably higher than in Fayston and Warren, which may be explained by the seasonal nature of employment at local ski resorts and associated tourist businesses. Wages for hourly workers in those industries also tend to be lower than in many



other industries. A comparison of average annual wages among the three Valley towns, since 1990, is provided in Figure 7.4.

Despite rapid wage inflation between 1995 and 2000, average annual wages in Waitsfield—when adjusted for inflation—continue to lag behind the County and State as a whole (see Figure 7.5). The rapid increase since 1995 is largely attributable to the growing number of jobs in Utilities (e.g., communications), Wholesale Trade and Manufacturing, as well as the relatively high percentage of local jobs in the construction sector—all of which tend to pay wages above the local and state average.

Livable Wage

There is growing concern in the state regarding the ability of full-time workers to earn an income sufficient to meet a family’s basic needs, commonly referred to as a “livable wage.” The Vermont Joint Fiscal Office has identified that an annual livable wage for a family of four with two working parents in 2000 ranged from

\$11.34/hour per earner (\$47,163) to \$16.12/hour per earner (\$67,065), depending upon access to employer assisted health insurance. The range of a livable hourly wage for a single-parent with one child ranged from \$15.28/hour (\$31,728/year) to \$21.48 (\$44,678), while that for a single person was \$9.57 (\$19,905) to \$12.38 (\$25,750).

Based upon the Joint Fiscal Office study, many local wage-earners may be earning less than a livable wage, especially if workers lack adequate health insurance. Focusing economic development activities on the creation of well-paying jobs is especially critical in Waitsfield to ensure that local residents can meet their basic needs—especially in light of local housing costs discussed in Chapter 6.

Business Receipts

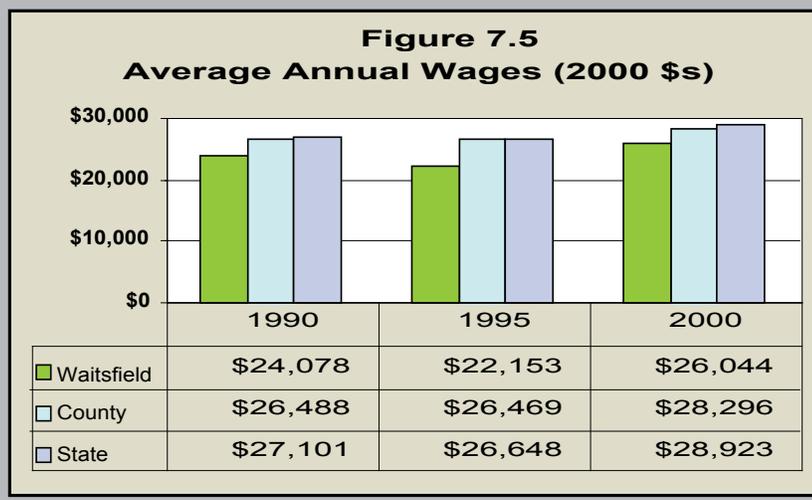
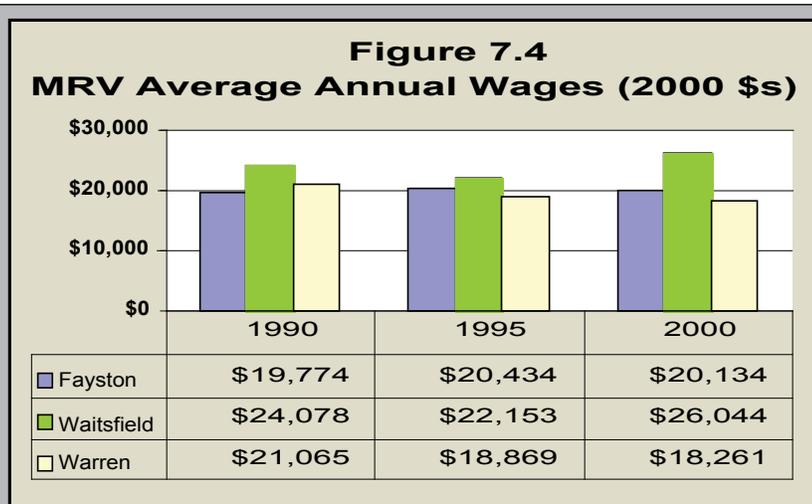
In addition to employment and wages, another useful measure of economic activity may be found in the gross retail sales, restaurant receipts, and commercial accommodation rentals generated by local businesses.

These data help to illustrate the extent to which Valley towns form an integrated local economy and highlight the importance of tourism.

Figure 7.6 shows total sales receipts reported by Valley and Waitsfield businesses for each fiscal year between 1996 and 2001. Gross receipts are for all reported retail sales, including those that are not subject to the Vermont sales tax (e.g., groceries, medicine).

Retail sales in Waitsfield increased by 76.4% between 1996 and 2001 (in 2000 dollars), but receipts declined by 21.2% in Fayston and Warren. Sales in Waitsfield outpaced the increase in Washington County (37.7%) over the same period by nearly two to one. In 1996, total retail sales in Waitsfield comprised 4.8% of the county total; in 2001, Waitsfield sales made up 6.2% of the county’s total.

During this same period, rooms and meals receipts increased only 7.3% in Waitsfield (in 2000 dollars), compared with 23.6% in Warren and Fayston. Receipts throughout Washington County increased by 10.3%. In 1996, Waitsfield



accounted for 8.9% of the county total, while the entire Valley (Waitsfield, Fayston and Warren) accounted for 24.4% of the total. In 2001, those figures were 8.7% and 26.1%, respectively (see Figure 7.7).

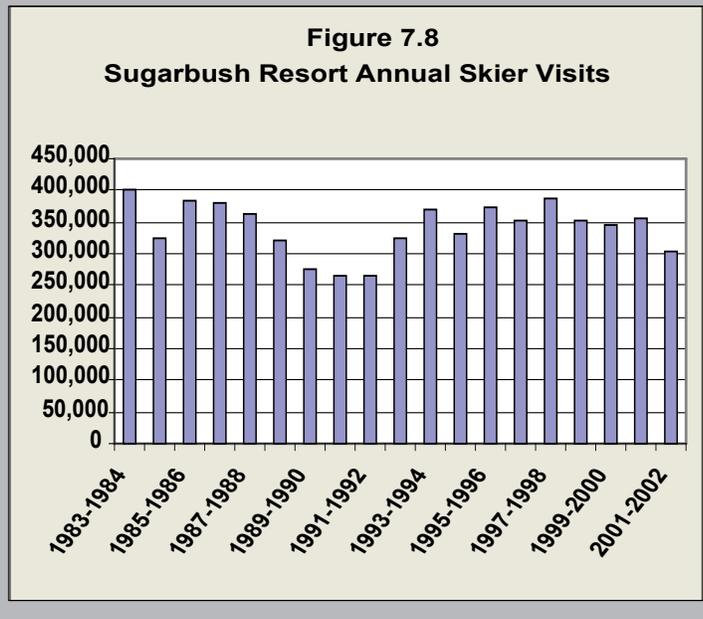
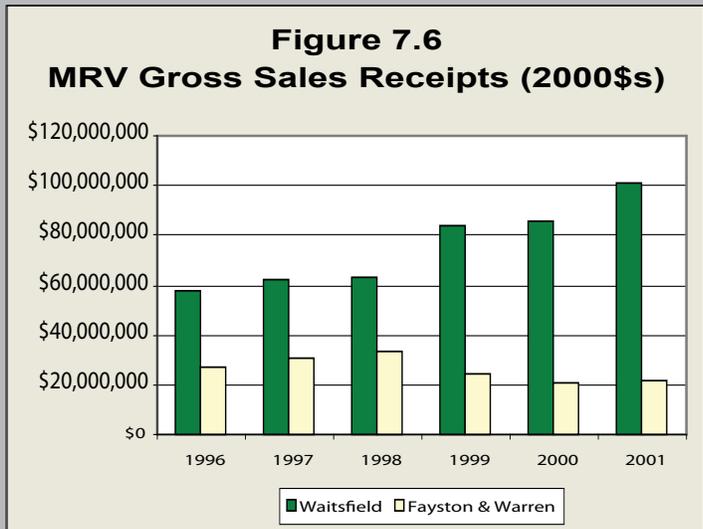
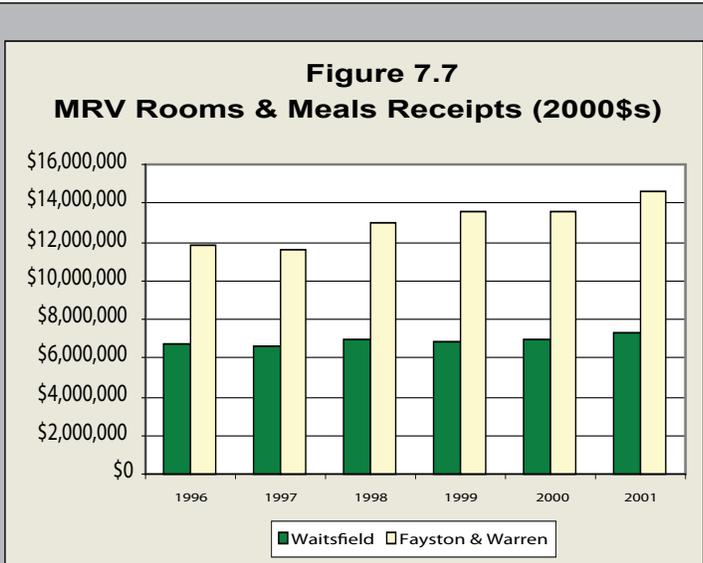
It appears that Waitsfield retail businesses have benefitted from year-round population growth in the Valley over the past decade, as well as from the modest growth in tourism. That increase in tourism, however, appears to be related to ski area activity to a much greater extent than to summer/fall tourism, as indicated by the higher rate of growth in Fayston and Warren.

In addition to business receipts, the number of skiers who visit the Valley on an annual basis is also an indicator of tourism activity. During the 2001/2002 ski season over 305,000 skier visits were recorded at Sugarbush, down from nearly 358,000 the previous year. During the mid to late 1990s, Sugarbush averaged over 350,000 annual skier visits. The average number of skiers fluctuated from year to year, and experienced the best overall year in 1997/98 (388,000 skier visits) in 14 years. Annual skier visits since the 1983/84 ski season are shown in Figure 7.8.

While the annual fluctuation of skier visits is dependent on many factors, including weather, Sugarbush has experienced ownership changes and inconsistent management over the years. Presently, both Sugarbush Resort and Mad River Glen (a skier-owned cooperative) are benefitting from focused management and a sensitivity to local needs and conditions. Many local business owners are optimistic that the current ownership structure of both ski areas will enable the Valley to compete in a changing market.



PHOTO: DENNIS CURRAN



Economic Outlook

The EPRI study identified several “big picture” factors that are most likely to affect the local economic climate over the next 10 to 20 year period. These external factors are beyond the control of the town or Valley to influence, although through awareness local governments and businesses may adapt to, and benefit from, them. These include:

- ◆ **Increasing globalization of markets and economies,**
- ◆ **Rapid advances in technology,**
- ◆ **Emergence of information based “new economy” which has fundamentally changed the competitive landscape,**
- ◆ **Aging of the population, and**
- ◆ **Increasing demand for high “quality-of-life.”**

The implications of these external factors are briefly addressed in the EPRI study. Generally, the Valley’s high quality of life, current demographic profile, presence of advanced communications infrastructure (e.g., Waitsfield Telecom services) and educated local labor force appear to position the Valley to take advantage of—or at least adapt to—these global factors. The EPRI study also involved some qualitative analysis of the Valley’s economic climate. The study identified the Valley’s “strengths, weaknesses, opportunities and threats” through a series of interviews with Valley business and community leaders. A summary of that analysis is presented in Table 7.2.

The list of strengths and weaknesses highlights the degree to which Waitsfield’s economic well being is dependent upon—and may be influenced by—other community concerns addressed elsewhere in this plan (e.g., housing, environmental quality, education). This is an important point in that economic development policies and programs must be part of a comprehensive and integrated community planning effort. For example, agriculture and forestry may be minor local industries as measured by total jobs, but they are extremely significant to the extent that they help maintain the Valley’s rural landscape and cultural identity, which contributes to our quality of life and the community’s desirability as a tourist destination.

The Valley’s economic outlook is tenuous, however, in the face of global uncertainty regarding climate change, resource depletion, population growth, environmental degradation, war, and a growing gap between an affluent minority and an impoverished majority. It may become increasingly important to develop a sustainable local economy that focuses on local markets and local resources, and which serves to strengthen the local community as a means of responding to global uncertainty.

TABLE 7.2 ECONOMIC STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS

Strengths & Opportunities	Threats & Weaknesses
High quality of life, characterized by strong sense of community, good schools, excellent emergency service providers, and recreational opportunities	Shortage of affordable housing for low and middle-income families, which contributes to labor shortage
Clean environment, attractive rural landscape and local policies to maintain community character	Lack of infrastructure (sewer and water) in Irasville
State of the art telecommunications infrastructure, made possible by Waitsfield Telecom	Transportation deficiencies, including key intersection problems (Route 17/100) and lack of safe bicycle and pedestrian facilities
Excellent local labor force	Lack of “night-life”
Recent acquisition of Sugarbush Resort by group of local investors	Poor cellular telephone coverage
	Time consuming local permitting process, and the lack of areas in which high-density, mixed use development can locate and expand

Source: *Integrating Economic and Demographic Analysis in the Irasville Growth Center Master Plan*, April 15, 2002, Economic Policy & Research, Inc.

ECONOMIC DEVELOPMENT

Sustainable Development

The concept of sustainability has received growing attention in recent years as communities attempt to strike a balance between often competing, yet mutually dependent, matters of economic, social and environmental concern. Striking such a balance is not only a challenge facing local communities. To the contrary, the concept of sustainability has global dimensions and implications.

A common question when discussing sustainability is how can it be defined. In a global context, the United Nations has attempted such a definition with Agenda 21, the Declaration on Environment and Development adopted by 178 national governments at the United Nations Conference on Environment and Development held in Rio de Janeiro, Brazil in 1992. On a local level, sustainable development is commonly defined simply as “**development that meets the needs of the present without compromising the ability of future generations to meet their own needs.**” With regard to the local economy, sustainable economic development may be characterized by activities and industries which:

- ◆ **Maximize use of local resources in a manner that does not deplete those resources,**
- ◆ **Are energy efficient, and emphasize the use of local renewable energy sources,**
- ◆ **Maintain high standards of environmental health and don't degrade the quality of our water, air and soils or the viability of native wildlife populations,**
- ◆ **Provide goods and services that are needed locally, and which provide an alternative to goods produced outside of our community or region,**
- ◆ **Reinforce traditional settlement patterns,**
- ◆ **Employ local residents and pay a livable wage,**
- ◆ **Are locally owned and controlled, and reinvest in the community, and**
- ◆ **Contribute to the vitality of our community, including the social fabric and well being of the entire population.**

Economic development that emphasizes sustainability should take precedence over other economic activities that do not exhibit the characteristics listed above. To the extent that the town may exercise discretion when working with businesses and local and regional development agencies, local officials should always seek to achieve a high level of sustainability.

Municipal Programs

Traditionally, Waitsfield's town government has not aggressively pursued a program of economic development, focusing instead on supporting the local economic climate through land use policies, infrastructure development, and to a limited extent tax policy. Past efforts, and opportunities for future economic development activity, may be categorized and summarized as follows.

Public Facilities & Infrastructure

• **General Wait House.** The purchase and restoration of the historic General Wait house was the result of a partnership between state and local government, the Mad River Valley Planning District, Waitsfield Historical Society and Mad River Valley Chamber of Commerce. The building, which is owned and managed by the town, serves as the Valley's tourist information center and Chamber offices, provides office and meeting space for Valley non-profits and service providers, houses exhibit space for the Historic Society, and contains the Valley's only public restroom. Its continued use for these purposes will support local organizations and enhance the experience of visitors to the Valley.

• **Irasville Water/Sewer.** The town has been actively planning for the development of municipal water and sewer facilities to address existing health and environmental concerns in Irasville (and Waitsfield Village) and to accommodate additional village-scale mixed use development within the town's primary growth center (see Chapter 12). Providing that infrastructure, and allocating available capacity in a manner that supports the sustainable development goals and policies of this plan, will further benefit local businesses and the community at large.

• **Capital Improvements.** The town maintains an annual capital improvement program to plan for anticipated capital improvement needs. In recent years, the town has reinforced the function of Irasville and Waitsfield Village as town centers through the planned construction of sidewalks, road and intersection improvements, and streetscape improvements. Continued planning for such improvements, including those necessary to implement the land use, housing and community facilities policies of this plan, will directly support the economic development policies listed below.

• **Tax Increment Financing (TIF) District.** It has become increasingly important for the town to find alterna-

tive revenue sources to fund capital improvements. Securing a TIF district for Irasville would provide a new revenue stream to fund capital improvements within that district without increasing the tax burden for local landowners.

• Community Services. Due to its central location, and past land use and development policies, Irasville and Waitsfield Village serve as a service and commercial center for the Mad River Valley. The Mad River Valley Ambulance Service, Health Center, Farmers Market, and a myriad of commercial and business enterprises serving the entire Valley are concentrated in Waitsfield.

Business Assistance

• Tax Stabilization. The town has maintained a tax stabilization program for working farms since the early 1980s. This program, which reduces the property tax on commercial agricultural activities, not only supports farmers, but helps to maintain the town’s rural landscape. The town also has the authority to enter into stabilization agreements with other types of local businesses, although the ability of municipalities to exempt property owners from the property tax is limited to the municipal portion of the tax bill unless the town makes up any loss to the state property tax.

• Community Development Grants. Waitsfield has sponsored two successful community development grant applications to maintain or provide housing to low and moderate income households and the elderly, respectively. These grants made possible a \$150,000 loan to Mad River Valley Seniors Inc. at 0% interest which will begin to be repaid in 2007, and a \$115,000 loan at 0% to the Central Vermont Community Land Trust to be repaid beginning in 2020. Proceeds from the loan payments may be used for eligible community development activities, including business assistance (subject to program requirements). Additional opportunities for community development grants could not only increase support for the Valley’s housing shortage, but could also increase the revenue stream available for community development activities.

• Mad River Valley Chamber of Commerce. The Mad River Valley business commu-

nity is represented by a non-profit chamber of commerce located in Waitsfield. The Mad River Valley Chamber of Commerce dues paying membership includes an inclusive and diverse collection of businesses operating with two task forces or associations. The respective missions of the two associations are as follows:

The mission of the Valley Events and Marketing Association (VEMA) is “(t)o promote the Mad River Valley as a year round destination vacation area in harmony with the environment and the unspoiled rural resources of the community.”

The mission of the Valley Economic Development Association (VEDA) is “(t)o promote and enhance the business community of the Mad River Valley by acting as a pro-business educator and advocate, and by serving as the business community’s representative in key state and local processes.”

A dues paying member of the Chamber is appointed to serve on the Mad River Valley Planning District Steering Committee.

• State & Regional Programs. Waitsfield is a participating member of the Community Capital of Central Vermont revolving loan fund which provides financial and technical assistance to local businesses which employ persons of low and moderate income. The town also provides annual support to the Central Vermont Economic Development Corporation, which assists with business recruitment, financing and marketing.



Land Use Planning & Regulations

• **Growth Center Designation.** Waitsfield Village and Irasville have been designated as growth centers (albeit with different land use policies) in past and current town planning documents. These designations could be strengthened with the designation of Irasville as a downtown development district in accordance with the Downtown Development Act passed in 1998. This program establishes a process for designating downtown development districts, and provides access to a variety of benefits and incentives to encourage reinvestment in traditional community centers, including:

- ◆ State tax credits for the rehabilitation of historic buildings,
- ◆ A sprinkler system rebate program,
- ◆ Reallocation of sales tax on construction materials,
- ◆ Employee training tax credit,
- ◆ A downtown transportation and related capital improvement fund, and,
- ◆ Access to funding from a state infrastructure bank.

In addition, the Mad River Park has also been designated as a growth center in this plan. Though not a traditional village center, the designation of industrial parks as municipal growth centers is consistent with several state policies and definitions regarding growth center planning.

• **Permit Processes.** In recent years, the town has taken specific steps to improve the efficiency of local regulatory processes. The position of Zoning Administrator has been made full time, and the Zoning Administrator now provides staff support to the Planning Commission and Board of Adjustment. This provides better service to applicants, and ensures better coordination among review bodies. In addition, the town streamlined the review process in 2002 when new zoning was adopted. The new zoning eliminated the site plan review function of the Planning Commission, depending instead on the conditional use review process administered by the Board of Adjustment. This eliminated the need for overlapping and redundant review by both bodies.

• **Rural Resource Protection.**° The town, together with other Valley communities, has been a statewide leader on matters related to rural resource protection and environmental conservation. Such programs, described in Chapter 3, serve to maintain the town's environmental well being, scenic beauty and high quality of life—all of which enhance the Valley's business climate and desirability as a resort destination.

ECONOMIC DEVELOPMENT

GOAL:

A diverse, sustainable local economy which seeks to retain existing, and attract new, responsible businesses and employment opportunities that pay a livable wage.

ECONOMIC DEVELOPMENT

POLICIES:

- 1) The town will support the creation and expansion of businesses and industries, in appropriate locations, which pay a livable wage to local employees and incorporate sustainable business practices. Such assistance may include tax stabilization, grant procurement and/or revolving loan assistance.
- 2) Small business development should be supported within the Valley through the local provision of available federal and state assistance programs in partnership with existing local and regional organizations, preferably in cooperation with the Sugarbush Chamber of Commerce.
- 3) Support sustainable economic development through a future land use plan which supports the following land use policies:
 - a. With the exception of home-based businesses, agriculture, forestry, commercial outdoor recreation, well managed resource extraction (e.g., gravel, water) and appropriate small scale commercial uses in Waitsfield Village, commercial and industrial development shall be located within the Irasville Village and Industrial Zoning Districts.
 - b. The function of Irasville as a compact, mixed use commercial center will be supported through local land use regulations and the development of infrastructure, including municipal water and sewage treatment facilities.
 - c. Waitsfield Village will continue to serve as a commercial, cultural and civic center of the town, with an emphasis on businesses that are compatible with the Village's scale and residential character.
 - d. New and expanded industrial uses are encouraged in the Mad River Industrial Park (Industrial District), provided such uses are planned to maximize the efficient use of the limited land available and meet performance standards to avoid or mitigate the impact of industrial processes on the surrounding area.
 - e. Commercial Lodging and Limited Business districts will continue to serve the same purpose

as the Agriculture-Residential District, in addition to providing limited opportunities for low-impact, low density commercial uses associated with tourism, agriculture and forestry.

- f. Farming, forestry, outdoor recreation and low intensity tourist accommodations are encouraged within the Agriculture-Residential District, while forestry and dispersed, traditional outdoor recreation is encouraged in the Forestry District.
- 4) The town will encourage the maintenance and expansion of the local tourism industry by supporting efforts to protect the town's historic and natural resources, and expanding recreational and cultural opportunities for local residents and visitors.
- 5) Strategies to improve the economic viability of agriculture and forestry will be supported, including maintaining and expanding economic incentives (e.g., use value appraisal), promoting access to local markets (e.g., continuation of farmers market, use of local farm products in local schools) and maintaining an adequate land base (e.g., through land conservation and land use regulations).
- 6) The provision and upgrade of telecommunications technologies and infrastructure is strongly supported, provided that new facilities not diminish the town's scenic landscape (e.g., the placement of telecommunications towers that exceed the height of nearby mountain-tops and ridgelines is prohibited).
- 7) Strongly encourage the operation of one or more small-business incubators to foster the creation and growth of locally owned business enterprises through available space and shared services and facilities.
- 8) The town will continue to participate in and support, to the extent practical, regional economic development and business assistance programs (e.g., Central Vermont Economic Development Corporation, Community Capital of Central Vermont).
- 9) The town will continue to support the Sugarbush Chamber of Commerce by providing the use of the General Wait House, at competitive rents, to function as a visitors center, public restroom, community meeting facility and Chamber office space.

ECONOMIC DEVELOPMENT TASKS:

- 1) Implement a master plan for Irasville, including the development of municipal water and wastewater systems, to accommodate higher densities of mixed use development that includes housing, in appropriate locations within Irasville. Allocate municipal wastewater reserve capacity specifically to support affordable housing development and businesses which pay employees a livable wage in this area. *[Selectboard, Town Administrator, Planning Commission]*
- 2) Explore forming an Economic Development Authority in conjunction with other Valley towns and the Sugarbush Chamber of Commerce to take better advantage of state and federal economic development programs. *[Selectboard, Town Administrator, Planning Commission, Chamber of Commerce*]*
- 3) Actively support the vitality of a light manufacturing/small business incubator facility in town, focusing on the Irasville Business Park (former Mad River Canoe) complex or other appropriate site, pursuing partnerships with private business interests and state or federal development agencies. *[Selectboard, Town Administrator, Planning Commission]*
- 4) Review all town assistance programs, including tax stabilization policies and administration of future revolving loan funds, and develop a funding policy which focuses assistance for sustainable economic development. *[Selectboard, Town Administrator, Planning Commission]*
- 5) Review the town's land use regulations to determine whether revisions are needed to carry-out the policies set forth above. *[Planning Commission]*
- 6) Explore the potential, and evaluate the implications of, enacting a property tax policy which reduces the tax burden on agricultural land that is actively managed for farming and increases the burden on agricultural land that is held out of production. *[Planning Commission]*.
- 7) Explore strategies for local schools to purchase local agricultural products as part of the school lunch program. *[School Board, Vermont Fresh Network*]*
- 8) The town will seek alternative revenue sources, in addition to the property tax, to reduce the local tax burden and support the land use and sustainable development policies of this plan. Specifically, the town supports the establishment of a Tax Increment Financing District encompassing Irasville. *[Selectboard, Town Administrator]*

**Participation strongly encouraged*

