

Economic Development



Economic Development

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Introduction to the Economic Element



This section examines an economic strategy that incorporates the socio-economic trends in Monterey and in the surrounding area of Berkshire County that affect economic development. Planning to maintain an adequate supply of businesses while balancing concerns related to open space, natural resources, housing, transportation, infrastructure, and community services is a challenging task. Planning for economic development begins with analysis of detailed information on the local economy in order to identify specific concerns and potential areas in which the town may encourage business and employment. Several factors may indicate the community's economic stability, strengths and potential areas in which to guide business development that emulates the character of the community. Some of these factors are:

- Supply and diversity of local employment opportunities
- Size, education, and skill level of the Local Labor Force
- Supply of affordable housing and transportation available for local workers.
- Condition of existing businesses, buildings, infrastructure
- Developable land for new businesses/industries.
- Local commercial tax rates, regulations and permitting processes that are conducive to business.
- Economic trends and characteristics of the regional economy
- Financial, educational, and developmental resources available.

**Community Development Plan
2003 Economic Development Element
Town of Monterey**

Introduction

The Monterey Economic Development Element was developed as a result of a community-based effort to identify the Town's Economic Development needs and engage in planning to address those needs. Through the Massachusetts Executive Order 418 Community Development Plan process, BRPC researched and compiled an updated economic data profile for the Town of Monterey. The profile includes extensive data covering number of local employers, employees, wages, annual payroll, household income levels, population characteristics, local tax information and a fiscal impact analysis based on various land uses (see Appendix C.1 2003 Monterey Economic Profile). The information in the data profile was presented by BRPC to the Town of Monterey's Community Development Plan Advisory Committee on August 18, 2003 and most of the data presented in this report is derived from the profile.

Following the presentation of the profile data the Committee discussed the findings and proposed potential options for initiating local economic development activities. Earlier in the process one of the activities decided upon by the Committee was to host a joint forum with Town of Monterey that focused on agricultural development and sustainability. This forum has held on April 15, 2003 and information on the meeting is located in Appendix C.2.

Background

Monterey's economic profile has some consistencies with other small, rural towns in South Berkshire County, but there are also some significant differences. Like other towns in the area, unemployment rates for people living in Monterey are considerably lower than the County and Statewide averages. In fact Monterey's unemployment rate in February 2003 was 3.7 percent, which was a full 2 percentage points below the rate for the Commonwealth. However, unlike many of its neighboring small towns, the number of jobs available within Monterey had grown by over 60 % between 1985-2000. The average annual wages of individuals working in Town had also risen by 42 % to \$24,440 during the same time period. However, in spite of the increase in local jobs and average annual wages, people working in the Town, on average, receive considerably lower wages than the county average of \$32 921, The number of local employers in Monterey has also grown dramatically between 1985-2000 nearly doubling from 15 establishments to 29. During the same time period the aggregated annual payroll in Town has more than quadrupled from just under \$1 million in 1985 to nearly \$4.2 million in 2000.

In terms of those who live in the Town but may work elsewhere, the change in median household income during the last decade (1990-2000) was dramatically positive. The Town rose from 29th in terms of median household income in the county to 11th. In 2000 Monterey's median household income was nearly 28% percent higher than the county median. In spite of these dramatic gains, the Town still has close to 30 % of its

households that are considered low-to-moderate income (LMI), i.e. they are making less than 80 % of the median income for the county.

A common characteristic of small towns in this sub-region is that commercial activity that is occurring is closely tied to scenic, recreational and cultural venues that sustain a small retail and service industry that is primarily based on tourism and recreation. Agriculture also plays key an enduring role in the Town's economy. Unfortunately, this role appears to be somewhat diminishing. There are also a number of home-based businesses that provide various specialty services and are one of the primary reasons for the recent surge in local business establishments. These issues will be discussed in greater detail in the following sections on Monterey's economic challenges and opportunities.

Economic Challenges

Some of the general economic challenges are noted in the previous section, for example even though more jobs are being created locally there is still not much of an economic base. Also the local jobs that do exist, and have recently been created, do not pay very well and local wages are not comparable to the average wages for the County. A more specific economic challenge is the Town's heavy dependence on residential property taxes. Although Monterey's tax rates are relatively low, approximately, 97% of local tax revenues come from residential taxpayers with only 3% coming from non-residential sources. It is also significant that based on 2002 local tax figures, nearly 47 of local property tax revenues came from seasonal homeowners. The Total Assessed Value (TAV) of all property in Monterey is nearly \$191 million. Of the TAV, approximately 7%, or \$12.6 million worth of property, is tax exempt. This land is mostly publicly owned, or privately owned land that is deed restricted for conservation. These factors highlight the potential concern that the local tax burden is placed squarely on residential property owners and that the Town may want consider efforts to diversify its tax base to include more non-residential taxpayers.

One of the key challenges affecting local commercial development is that the Town does not appear to support additional commercial development. In the 1999 town survey, which nearly 270 residents responded to, the results strongly indicated that new commercial development was not desirable. When asked if they "would you like to see any additional retail/commercial facilities introduced?" 65 percent indicated "no" and only 18 % indicated "yes". Other business development questions were also posed all receiving similar, if not decisively more negative, responses. This same theme was echoed throughout the discussions with the CDP Advisory Committee. The consensus seems to be for retaining the businesses that currently exist in the Town, but not to encourage or support additional commercial development; particularly, new commercial development outside the existing business district. The two exceptions to this trend are home-based businesses and agricultural enterprises. These two items will be discussed in the following section.

A final challenge that emerged through public discussion was the absence of high-speed Internet access in the area. This factor is not only a deterrent to larger business, but more acutely affects small and home-based businesses. Small-scale and micro

businesses often rely heavily on the Internet for various aspects of their enterprise including marketing, purchasing, and sales.

Opportunities

In spite of the local economic challenges, there are also potential opportunities for economic growth. There appears to be strong community support for preserving and expanding local farm operations in Monterey, and in contrast to its neighboring town to the north, there are still a number of viable farms operating within the Town. Many of these operations are not only involved in cultivation and raising livestock, but also in the direct sales of a broad range of products including comestibles, wood products, textile products and flowers. There are four local farms that participate in the regional Berkshire Grown network. Monterey is also has an active and vibrant Arts and Cultural community. The Town has a number of natural, historic and recreational attractions that draw visitors to the Town.

The steady increase in affluent, seasonal and second-homeowners is an emerging market for a variety of retail and specialty services. It is important to note that according to year 2000 census data, 15% of local workers are self-employed and it is likely that many of these workers operate home-based businesses within the Town. This figure is nearly double the rate of self-employed workers in the County as whole, of which only 8% are self-employed. Another positive factor influencing potential for economic growth is the level of educational attainment of local residents. Of the Town residents over the age of 25, 95% have a high school education- this is 10 percentage points above the County average. More dramatic is the fact that nearly 52% percent of local residents have a bachelor's degree; double the average for the County. On the whole, conditions appear very favorable for continued economic growth in Monterey.

There are also some economic and demographic factors that provide a favorable climate for enterprise development in Monterey. The price of land is less expensive in Monterey, relative to other major metropolitan areas in near proximity, i.e. Greater Boston and Greater New York. The same applies to tax rates. Monterey has a single tax rate for all properties, i.e. there is not a separate "commercial" tax rate. The tax rate is much lower than many other neighboring areas in the county and statewide. For example, the tax rates of \$15.50 (2002) in Lee and \$15.62 (2002) in Great Barrington are about 68% higher than the rate of \$9.32 (2002) in Monterey. The commercial tax rate of \$30.33 in Boston is about 325% higher than the rate in Monterey.

Monterey only has an established business district that allows for a wide variety of commercial uses. A wide variety of commercial uses are also allowed by right and/or by special permit within the town's agricultural-residential district. The Town's by-laws also expressly allow for customary home-based businesses that employ no more than 2 persons.

Some of Monterey's greatest opportunities for spurring local economic growth are linked to its scenic, recreational and cultural attributes. Monterey is home to a number of natural and recreational attractions such as Beartown State Forest, the Appalachian Trail, Lake Buel, Lake Garfield and a number of other scenic lakes, ponds, rivers and

brooks. Many of the attractions have year round recreational application including, swimming, hiking, bicycling, fishing, cross country skiing, snowmobiling and others. The Town also has a tradition as a cultural and artistic haven and there is an active art community that continues to thrive. Monterey is also the home of historic Bidwell House museum. These attractions being increasingly well known and frequently visited by numerous tourists and locals each year, the Town may be able to further capitalize on the economic benefits spurred by these natural and cultural assets located within its boundaries.

As noted above, one the Town's primary economic assets is agriculture. 2000 Census data indicates 5 % of all residents in Monterey work in the agriculture industry, this is five times higher than rate for the County, which is only 1%. Gould Farm is also the Town's largest employer, employing approximately 40 people. As mentioned the Town also has a number of other small farms that are still operational. In addition to these working farms there are ___ parcels in Monterey, totaling ____ acres of land that have Agricultural Preservation Restrictions (APRs), i.e. this is land that is suitable and available for cultivation, but is not necessarily being farmed at this time. Anecdotal information also indicates that there are a few "Gentleman Farms", i.e. parcels were small plots are being cultivated, or small quantities of livestock are being raised, but the operations are not sufficient to provide the property owner with a consistent livelihood.

Public Input and Goal Development

One of the initial sources of public input used to develop this Element was the comprehensive survey questionnaire that was developed and distributed by the Town Monterey in 1999. The survey asked 84 questions regarding the future of Monterey. The survey was mailed to 742 households and 268 residents responded to the questionnaire (see Appendix 1 for results. As previously mentioned, a joint meeting with Town of Tyringham that focused exclusively on agricultural sustainability and development was held on April 15, 2003. One of the developments that arose for the April 15 meeting is that a local community supported agriculture (CSA) farm was interested in expanding its operations and needed additional land for cultivation, as result of the meeting the farm operator was able to work with the Town to use a small plot of municipal land for this purpose. A public meeting of the Community Development Plan Advisory Committee Plan to specifically discuss economic development was held August 18, 2003. The minutes and agendas of these meetings are included in Appendix 3.

The key issues and goals that were developed as a result of the public participation process are:

Issue – Maintain Local Agriculture

- Agriculture is the Town's primary economic and aesthetic asset. The Town's existing farms are an integral part of the town's economy and heritage.
- Most local working farms are viable but some may need additional support and assistance.
- Some local Lands being conserved for agricultural are not being cultivated and may eventually become unsuitable for agricultural uses.

Goal – Support the Preservation and Growth of Local Agricultural Enterprises

- Educate community and the sub-region on the importance of agriculture to the local economy and character
- Identify farm owners and operators that may need additional community support and assistance.
- Identify residents or organizations that are interested cultivating local farmlands and initiating agricultural enterprises.
- Provide organizational and technical assistance to existing farm owner and operators to maintain viable agricultural enterprises, and fledging farm enterprises
- Identify agricultural development programs and funding sources and support local applications for funding
- Explore non-traditional applications – e.g. Community Supported Agriculture (CSA), specialty corps or niche farming, agro-tourism
- Foster Partnerships and cooperative relationships with regional agricultural organizations such as Berkshire Grown

Issue – Resistance to Commercial Development

- Very few commercial retail establishments remain in the town.
- There are minimal jobs available in the town, and most of the local jobs don't pay well.
- There is little local support for commercial, particularly retail development in the community.
- Absence of infrastructure in terms of public water, sewer, access to major transportation routes, and modern communications systems (primarily high-speed access and wireless capabilities)

Goal – Support the retention of existing establishments and encourage limited growth of small-scale service-oriented enterprises

- Any commercial development that does occur should be localized and small-scale.
- The type of economic development activities that would be most suitable for Monterey are:
 - Support, encourage and assist in the development of home-based businesses and cottage industries
 - Revitalization of defunct or faltering businesses
 - Expansion of successful existing businesses
- Educate the community on the need to diversify the local tax base to reduce the overwhelming dependence on revenues from residential taxpayers
- Explore means of improving local infrastructure and tele-communications system, particularly accessibility to high-speed internet
- Identify and support local establishments that are successful and may be considering expansion

Issue - Numerous Local Attractions Generate Minimal Local Revenues

- The Town's natural, cultural and recreational attributes are important in attracting tourism and visitors to the Town and are therefore vital to many of the Town's existing, and potential commercial enterprises.
- Local resistance to "commercializing" natural, historic and cultural attractions and in turn degrading the Town's uniquely pastoral setting.

Goal – Develop stronger economic link between local attractions and local enterprises without compromising character

- There is a need to support additional cross-marketing of the areas scenic, natural and cultural assets with associated retail and service enterprises, i.e. galleries, lodging establishments, eateries, farm stands etc....
- Encourage and support new small-scale enterprises that benefit from and add value to existing attractions – e.g. outdoor outfitters, local eco-tour guides, produce stands, lodging establishments and small –eateries in character with the community.
- Sponsor community festivals, activities and events that celebrate local attractions and create additional opportunities for local vendors and enterprises

Recommend Actions

Based on the profile data, the opportunity analysis and the input from the public and other reliable information resources the following actions are recommended to promote economic development in the Town of Monterey.

- **Build Organizational Capacity** – to carry out any of the goals or recommendations discussed there will need to be an entity to advocate for local economic development initiatives that can direct the process and make sure that projects are identified and activities are implemented and seen through to completion. This entity can take many forms and can be structured very informally or it can be highly structured. The fact that Monterey is a relatively small town it probably doesn't need to establish a separate formalized organization dedicated to economic development. However, because there are a number of economic development activities and issues that the Town will be facing, it is prudent for the Town to at least partner with a capable organization such as an area Chamber of Commerce, a regional community development corporation (CDC), a cultural or arts collaborative or some other local or regional entity that has experience in community/economic development. If such a partnership is formed, the Town should also appoint a lead person, or persons, from the Town to make key decisions and to direct the activities of the partner agency.
- **Business Retention and Expansion** – The most consistent theme throughout this process was that existing local businesses, particularly working farms, should be supported and assisted where necessary to maintain their viability. As noted above, most of the remaining farms in Town appear to be viable, but in some cases community support and assistance may be necessary to sustain these enterprise over the long term and to allow these businesses to grow.

Allowing the existing enterprises to slowly falter will ultimately result in reduced local tax revenues, local jobs and leave the town with empty storefronts and unutilized farmlands. To prevent businesses and farms from suffering this fate, the Town should take an active role in identifying needy enterprises and exploring ways of assisting these businesses such as technical and financial assistance, infrastructure improvements, and temporary tax deferments. Existing farms, or individuals seeking to farm should be particular targets for identification and support.

Once interested participants have been identified, the Town should begin working cooperatively with its chosen Economic Development entity and local business owners to begin prioritizing projects and plotting a course of action to develop a business retention and assistance program and then to secure necessary funding.

- **Business Revitalization** - There may be some businesses in Town that have ceased operation and could be potential candidates for revitalization. Merely identifying properties and businesses in need of assistance is an important first step in the revitalization process. Another initial step in this process would include determining ownership of the identified sites and contacting the owners to determine if there is a genuine interest in reopening the establishment, or in the case of the farms, offering the land for continued cultivation. In some cases the owners may need assistance in marketing the site to other potential business investors. A comprehensive inventory/assessment of potential sites should also be conducted to make sure that interested business owners in need of assistance are not overlooked.

Once interested participants have been identified, the Town should begin working cooperatively with its chosen Economic Development entity and the business owners to begin prioritizing projects and plotting a course of action to develop a local revitalization program and then to secure necessary funding. A number of potential funding sources are provided on page 12 of the Economic Development Profile.

- **Enterprise Expansion and Development** - The Town survey clearly indicated that there is minimal interest expanding the existing business district or encouraging conventional retail development. However, there are two areas of business development that the Town did express an interest in pursuing. There appeared to be broad support for encouraging and supporting the expansion of existing successful businesses. The second area is the encouragement and support of additional home-based businesses and small-scale cottage industries. These types of businesses provide the Town with additional local jobs and tax revenue while usually placing minimal demands on the aesthetic quality of the community and on the local infrastructure. The approach to this type of business development usually involves identifying and providing education, technical assistance and in some cases assistance with start-up costs to local would-be entrepreneurs. Examples would be providing assistance to draft a Business Plan, computer training and perhaps financial assistance to purchase office equipment.

Key sources of funding for this type of Program are available through the State's Community Development Fund (CDF I and II) Micro-Enterprise assistance and other grants and loans available through the Federal Small Business Administration. Once again this type of program would be jointly developed and ultimately managed by the Town and its chosen ED entity.

Organizational Resources

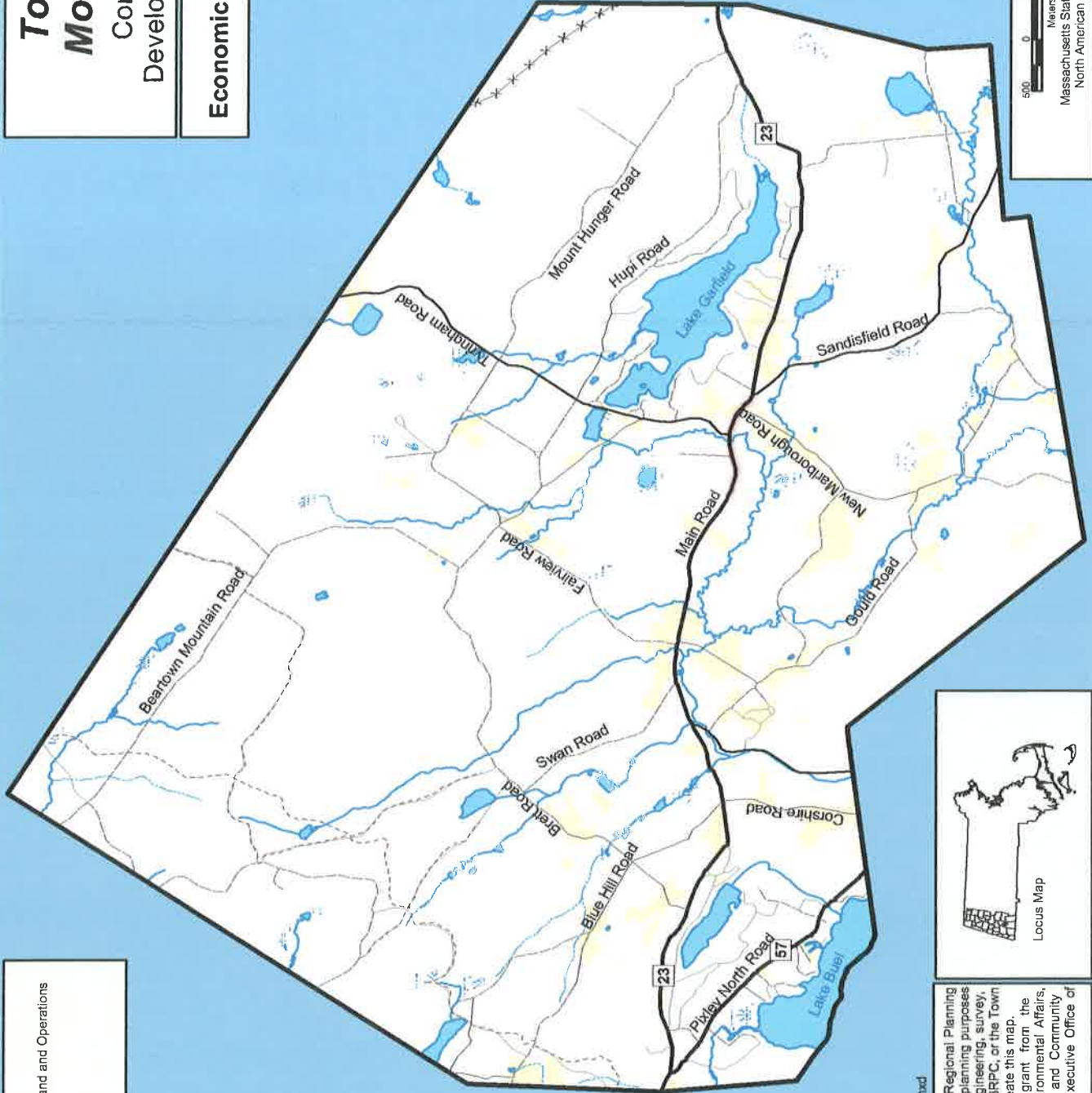
Below is a listing of regional organizations that can provide the Town with assistance in the development and implementation of economic and community development projects.

- Berkshire Regional Planning Commission
- Berkshire Housing Development Corporation
- South Berkshire Community Development Corporation
- Pittsfield Economic Revitalization Corporation
- Southern Berkshire Chamber of Commerce

Town of Monterey

Community Development Plan

Economic Suitability Map



Maintain Existing Farm Land and Operations
Existing Business District



Locus Map

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This map was created by the Berkshire Regional Planning Commission and is intended for general planning purposes only. This map shall not be used for engineering, survey, legal, or regulatory purposes. MassGIS, BRPPC, or the Town provided all of the data layers used to create this map. This project was funded through a grant from the Massachusetts Executive Office of Environmental Affairs, Massachusetts Department of Housing and Community Development, and the Massachusetts Executive Office of Transportation and Construction.