

Chapter 6

Economic Development



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1.0 INTRODUCTION

As most residents of the Androscoggin Valley know, the Fraser Pulp Mill in Berlin is physically linked to the Fraser Paper Mill in Gorham. A series of pipes carries the pulp slurry some three miles south to the Gorham facility, where it is converted to paper. The closing of these mills in 2001, and their re-opening in 2002 and 2003, drove home to all of the valley residents both how fragile the local economy is, and how important it is for these two communities to work together to foster further economic development.

The basic premise of “Berlin-Gorham” is that as individual communities they do have a story to tell, but as a single, regional community it becomes a truly dynamic story. Gorham gains important industrial and commercial space, and Berlin gains a tourism-based economy. The two communities no longer think about Berlin or Gorham independently, but rather as Berlin-Gorham. The NH Department of Transportation has even started to erect signs, starting with one on Interstate 93, which give directions to “Berlin-Gorham.”

This union of Berlin and Gorham has provided an efficient way to package the area that makes it attractive to future businesses and tourists. The retail experience should not be restricted to each community, but rather should run from the Town and Country in Shelburne all the way to St Anne’s Church in Berlin. The Berlin-Gorham Road is, in reality, a “window” and “lifeline” to the City of Berlin. Route 2 is the only major East/West Road in the area. This concept makes Route 2 a part of the Berlin-Gorham mix instead of a road located 6 miles away from the City of Berlin. This chapter presents the economic development information for the Gorham half of the equation.

2.0 HISTORICAL CONTEXT

Incorporated as a community in June of 1836, the town of Gorham made rapid strides in building an economy, providing educational facilities, and in constructing roads. In 1845 the Gorham economy was shaped by the incorporation of the Atlantic & St. Lawrence Railroad, a line to be built between Portland, Maine and Montreal, Canada. The tourism industry began in Gorham with the arrival of the railroad, and Gorham became a major repair and maintenance center for this new line. The forest industry has been extremely important to Gorham since its incorporation. Brief periods of mining and other industries have also been important in the Berlin-Gorham region.

3.0 EMPLOYMENT & BUSINESS TRENDS

In the past decade Gorham has experienced modest growth in the number of businesses operating in the community, and the labor force has increased as the population has decreased. The unemployment rate is also much lower now than it was ten years ago. In 1993 the unemployment rate in Gorham was 8.2%. In the year 2003 the unemployment rate in Gorham was nearly half of that amount at 4.4%. For the community to increase its tax base, it must continue to grow economically, residents must have access to jobs, higher wages, and/or products that will help to attract additional investment, residents and visitors.

3.1 Existing Jobs and Income

Businesses located in Gorham and those within commuting distance provide employment opportunities for Gorham residents. The number of jobs in Gorham was 2,064 in 2003. Though the number and variety of jobs seem reasonably diverse, the income that Gorham workers receive is about average for Coos County. It is encouraging to note that the median household income increased more in Gorham since 1990 than in the County as a whole. It is now (2004) at \$32,250.

In June of 2000 the New Hampshire Basic Needs and Livable Wage report calculated the basic costs of living for residents in the counties of northern New Hampshire and determined hourly wages required to pay for these necessities. If Gorham's average weekly income is broken up over a 40 hour work week, it reveals an average fulltime wage of \$15.50 per hour. Table 6.1 displays the hourly wage required to meet basic needs, based on household composition, both in Coos County and New Hampshire. When the "livable wages" are matched against average wages actually received, it is clear that not only does the North Country earn less than New Hampshire as a whole, but that North Country wages are not meeting the cost of living. It is not surprising to learn that a two-parent household with two children is not able to support the family adequately without both parents working.

Table 6.1 Livable Wage Figures

Household Composition	Coos County	New Hampshire
Two parents with two children (both parents working)	\$10.29/hour/person	\$11.42/hour/person
Two parents with two children (one parent working)	\$14.47/hour/person	\$16.74/hour/person
Single parent with two children	\$16.57/hour/person	\$18.92/hour/person
Single person	\$7.63/hour/person	\$9.01/hour/person
Average wage earned in 1999	\$11.60/hour/person	\$15.45/hour/person

Source: North Country Comprehensive Economic Development Strategy (2003)

Educational level, percent of school age and retired residents, availability and access to jobs, and wages paid, are all factors that influence each community's median and per capita income. Therefore, raising income in a community requires a more complex solution than simply attracting employers who can pay higher wages. Gorham has been successful in some respects

over the last decade, and has experienced an increase in median household income. The largest growth has been experienced in the higher income brackets (over \$50,000), which now represents 36% of Gorham households. The number of households below \$25,000 is estimated at 501 households – representing 35% of the total households in Gorham. With this in mind Gorham must consider what will encourage current employers to stay, as well as attracting and retaining new jobs to continue to improve the income levels in the community.

3.2 Available Work Force

According to the North Country Comprehensive Economic Development Strategy (2003) unemployment in the North Country has historically been higher than the state average due to higher seasonal unemployment caused by dependence on the tourism and forestry industries, and higher structural unemployment caused by a mature industrial base. This appears to be the trend in Coos County and Gorham. Table 6.2 shows the growth in Gorham's labor force and the drop in the unemployment rate during this ten year period. Table 6.3 includes the unemployment rates at the town, county, and state levels.

Table 6.2 Gorham Labor Force

Annual Average	1993	2003
Civilian Labor Force	1,661	1,554
Employed	1,525	1,486
Unemployed	136	68
Unemployment Rate	8.2%	4.4%

Source: NH Employment Security

Table 6.3 Unemployment Rates in 2003

Location	2003
Gorham	4.4%
Coos County	4.1%
New Hampshire	4.3%

Source: NH Employment Security

Gorham has a relatively diverse economy. The major industries, based on number of jobs created, are retail, manufacturing, educational, health and social services, and tourism related. Table 6.4 illustrates the labor force in Gorham by industry.

Table 6.4 Labor Force by Industry

Industry	Employed
Agriculture, Forestry, Fishing & Hunting	36
Construction	79
Manufacturing	236
Wholesale Trade	58
Retail Trade	294
Transportation Warehousing and Utilities	54
Information	39
Finance, Insurance, Real Estate, Rental & Leasing	58
Professional, Scientific, Management, & Administrative	47
Educational, Health & Social Services	262
Arts, Entertainment, Recreation, Accommodation, and Food Services	193
Public Administration	97
Other Services	68
TOTAL – Employed Civilians 16 and Over	1,521

Source: US Census

Gorham's population is aging. With a median age of forty-two years old the "operative population" is declining. The operative population is composed of working age residents (22-61 years of age), who contribute the most to the local economy. The number of people within this age range is declining as young people are leaving the region for new opportunities. Table 6.5 shows a comparison of the prime working age population in Gorham, Coos County, and New Hampshire for 1990 and 2000.

Table 6.5 Prime Working Age Populations

	Gorham		Coos County		New Hampshire	
1990 Prime Working Age Population 22-61	53%	1,689	51.5%	17,931	56.7%	628,946
2000 Prime Working Age Population 22-61	51%	1,479	51.8%	17,160	50.9%	629,015

3.3 Access to Employment

Gorham has limited access to employment opportunities due to its somewhat remote location. Commuting patterns reveal, however, that hometown employment is still a major force in the Berlin-Gorham area. This is partially due to Berlin-Gorham's role as one of Coos County's employment centers. Most of the County's small towns have a much higher out-migration rate. In Gorham, 43.7% of the resident workers have jobs in the community. Table 6.6 shows where Gorham's residents are employed.

Table 6.6 Place of Work

Place of Work	Percent of Gorham Workers
In New Hampshire	95%
In Gorham	43.7%
In Other Coos County Communities	42.3%
Outside Coos County	9%
Outside of New Hampshire	5%

Source: US Census

Most out-commuting which does occur (42.3%) is destined for other Coos County communities including the City of Berlin. Table 6.7 shows the largest employers in Gorham currently.

Table 6.7 Largest Employers

Largest Employers	Product/ Service	Employees	Established Locally
Fraser Paper Co.	Paper making	275	
Berlin City Dealerships	Car dealerships	200	
Wal-Mart	Department Store	166	1998
Shaw's Supermarket	Supermarket	110	1999
Town of Gorham	Municipal Services	106	
Currier Trucking & Sales	Truck Dealership	85	
Royalty Health Club/Inn/Restaurant	Health club, motel, restaurant	60	
Currier Dealerships	Car dealership	55	
Gorham Sand & Gravel/Pike Industries	Aggregate	12	

Source: NH Employment Security

Gorham workers fill 43.7% of the jobs that are available in Gorham. This is a change since 1990 when 51 % of the jobs in Gorham were held by Gorham residents.

3.4 Improving/Retaining the Business Base

Because industrial/commercial businesses serve the dual purpose of providing both jobs and a nonresidential tax base, it is important to maintain a sufficient business base to support the Town. Two significant factors are important to consider in developing a program for improving the business base. One is that it is easier to retain an existing business than to attract a new one. The other is that most job growth (85% on average), is related to expansion of existing businesses, not from major new businesses moving into town. It is, therefore, most important to look at the needs of existing businesses and to determine the role of the community to ensure their continued economic viability and growth.

Economic growth can bring net benefits or net costs to the community depending on how it is managed. All businesses, existing and new, can benefit from certain efforts that are within the

scope of community control, and they all place a demand on the community's infrastructure and services. Communities can encourage and manage industrial and commercial growth in the following ways:

- * Provide suitable land and structures
- * Use appropriate zoning techniques
- * Provide adequate infrastructure (transportation access, utilities and services)
- * Provide a skilled work force
- * Encourage active efforts by the Chamber of Commerce and/or other organization
- * Promote public/private partnership programs

The Androscoggin Valley Economic Recovery Corp. (AVER) was created in the fall of 2001 as a result of the closing of the Berlin/Gorham pulp and paper mills. AVER's mission was to help facilitate the sale of the mills and to promote long term economic development in the Berlin-Gorham area in order to diversify the local economy. The success of the Berlin-Gorham economic development initiative will depend greatly on the continued willingness of the municipal bodies to lend not only their financial support, but a commitment to the belief that this cooperation is needed and will succeed.

3.5 Marketability

Every community has one or more features that make it attractive to residents and/or businesses. It is important to recognize and promote those characteristics which are the strengths that hold the community together, and make it a unique place. Some of these may be identified as heritage, tradition, neighborliness, rural atmosphere, quiet neighborhoods, cost of land, cost of labor, access to raw materials, access to markets, and the cost of utilities. These and other attributes can be identified and used to market the community. While events such as the opening of a major business, or construction of a new highway or bridge, may alter a community's growth, long-term sustainability relies on understanding what the community has to offer and promoting those characteristics.

The Berlin-Gorham economic development initiative is based on the following issues/opportunities:

- By working together both communities can leverage their dollars to ensure that an aggressive and comprehensive program is in place to market and promote the area in such a way as to create additional employment and bolster the local economy.
- The municipal governments are not alone in this initiative as the business community is willing to contribute to the financial cost of this effort and will assist in the ongoing management of this initiative.
- The economies of both communities have been historically linked to the wood products industry whose employment levels have been declining dramatically over recent years. The need to diversify the economy is clear, but this won't happen without the commitment of resources and a dedicated strategy.

- Berlin and Gorham are interdependent communities and any economic development benefits both communities. Since the closing of the mills the two communities have begun working more closely together. This collaboration needs to continue to ensure success in the region.
- The region's infrastructure has excess capacity and could be managed more effectively if the local population were to increase.
- The annual commitment that is being proposed for each municipality's financial contribution represents less than 1 % of their respective budgets. This is a relatively minor investment in the future of the region.

4.0 COMMERCIAL AND INDUSTRIAL USES

Although current commercial and industrial development may appear to some residents to dominate the community, it only accounts for 3.5% of Gorham's land area. Table 6.7 shows the acreage of Gorham's major land uses by assessed valuation.

Table 6.7 Land Use Categories by Assessed Valuation

Land Use	Acres	Percent
Residential	1,635.19	8%
Commercial/Industrial	717.64	3.5%
Utilities	234.23	1%
Current Use	9,316.09	46.5%
Public and Tax Exempt	8,149.32	41%
Total Land Area	20,052.47	100%

5.0 CONCLUSION

In the 2003 report from the North Country Comprehensive Economic Development Strategy Committee the Berlin-Gorham Labor Market Area is identified as an area showing competitive advantage due to the availability of recreational resources and drinking water. These advantages will be strengthened and increased with the success of the Berlin-Gorham partnership.

6.0 LAND USE IMPLICATIONS AND POLICY ACTIONS

6.1 Land Use Implications

Gorham's economy has a direct impact on the character and vitality of the community and its residents. Here are a few items related to the existing economic environment in Gorham and its land use implications.

- 1) Gorham, together with Berlin, is a regional business and tourism hub.
- 2) Despite Gorham's advantages there are still many residents that have occupations at the lower end of the pay scale.
- 3) The Town's location provides easy access to tourism and recreation related activities.
- 4) There is a shortage of high quality land suitable for future commercial and industrial development. The remaining areas include the old St. Lawrence and Atlantic site (affectionately known as the "Jungle" property) south of downtown, infill opportunities on the Berlin-Gorham Road, and the triangle of land currently being used as a sand and gravel operation near the intersection of Route 16 and Route 2 West.
- 5) In the downtown, and along several major routes, infrastructure is already in place to supply water, sewer, electricity, fire and police protection. Some vacant or under-utilized buildings are available and could be adapted for reuse.
- 6) Current telephone service is by fiber optic cable, facilitating data transmission.
- 7) The historic character of the downtown and continuing development of new commerce and attractions in this area offers new opportunities for tourism development.
- 8) Proximity to winter and summer recreational facilities are features that can be used to attract and retain businesses and draw visitors.
- 9) Advantage of having several strong organizations working on business development, business retention, and tourism initiatives on Gorham's behalf (AVER, Chamber of Commerce, etc.).

6.2 Potential Actions

There are an array of possible actions the Town may want to consider pursuing as it evaluates the economy in Gorham and future economic development initiatives. This section will be used to identify the specific actions for Gorham to take upon completion of the master plan.

- 1) Encourage and facilitate appropriate economic growth and development which will benefit area residents, including the protection of their property values, natural environment, and community character.
- 2) Expand existing training opportunities by enhancing linkages with the College of Lifelong Learning, New Hampshire Community Technical College in Berlin, and Plymouth State

University.

- 3) Work with local organizations on attracting and retaining employment opportunities, especially jobs at higher pay scales, which will contribute positively to the community's economic well being.
- 4) Strengthen Berlin-Gorham's market position as a regional employment center, through positive promotion and marketing, to attract desirable growth, development or redevelopment investments.
- 5) Continue to strengthen the downtown as the historic center of commerce, serving as a complement to surrounding retail districts and the core of the community.
- 6) Attract and retain more tourism related businesses and a wider range of industries to help diversify the local economy and increase the non-residential tax base.
- 7) Pursue opportunities to reuse or redesign existing industrial and commercial areas, including the reuse of existing buildings and infill with new development. Building design, signs, landscaping, and overall appearance of these areas should be encouraged to meet high standards. Attention to image and appearance is part of being a regional center and will help attract more commercial, industrial and tourism growth.
- 8) Discourage industries posing a substantial health, safety, or environmental hazard.
- 9) Continue to recognize, encourage, and promote volunteer, public, and private efforts as a mechanism for promoting economic growth.
- 11) Ensure that growth is properly managed, rather than attempting to attract an absolute amount of growth. The amount of growth desired is to be measured in relative terms so that:
 - There is enough growth to support a broader range of goods and services;
 - The unemployment or underemployment rate is reduced;
 - Undeveloped areas with public utilities are in-filled;
 - Vacant office, industrial, and commercial space is absorbed; and
 - The proportion of higher wage opportunities are increased.