

2. ECONOMY

The Maine Economic Outlook

The New England Economic Partnership (NEEP) is a member-supported, non-profit organization dedicated to providing objective analyses and forecasts. For more than 25 years, NEEP has identified and researched economic issues relevant to New England. Twice a year, NEEP publishes macroeconomic forecasts of the New England region and its six individual states. Excerpts from the NEEP Maine Economic Outlook, 2012, written by Professor Charles Colgan of the Muskie School of Public Service, include the following:

- “The Maine economy has essentially been flat for the past three years, with only minimal job growth relative to the bottom of the recession. The main reason is that sectors that have shown growth in the U.S., such as manufacturing and professional and business services, have shown continued decline in Maine.”
- “There are some positive signs in the second half of 2012 in the retail and housing markets pointing to more growth in 2013 and the forecast is for 2013 to be at least consistently positive, with a strong recovery in 2014. But Maine will be more than a year behind the U.S. in recovering employment to pre-recession levels.”
- Overall, the Recession hit Maine a little less severely than the U.S. Job losses totaled 28,300 or about 4.6% (on a quarterly basis), compared with the U.S. loss of 5.8%.”
- “Through (the third quarter of) 2012, the U.S. has recovered almost two thirds (64%) of the jobs lost, or about 5 million jobs. But Maine has only recovered 17% of the jobs lost, or 5,000 jobs out of 28,000.”
- “From the trough (of the recession) quarter to the end of (the third quarter of) 2012, Maine has exceeded (the) U.S. in employment growth only in retail. It has lagged every other sector, and particularly troubling are the performance of the manufacturing and business services sectors. Manufacturing employment has grown by 1.9% in the U.S. relative to the trough, but in Maine after some quarters of modest growth, has dropped even below the worst quarter of the recession period by an additional 3.3%...While the forecast is for manufacturing to add jobs ... once the recovery gets seriously underway...manufacturing now employs less than half the people it did 40 years ago...(and) is very unlikely to return to pre-recession employment levels.”

Although not discussed in the 2012 NEEP report, the 2011 NEEP report noted that education and health care “...has been the workhorse of job creation in Maine, New England, and the U.S. since the beginning of the last decade...This sector will continue to add the most jobs of any sector, accounting for about half the projected growth in employment out to the end of 2015.” The 2011 report also noted that population is growing in Maine’s major cities for the first time in decades.

Brewer Overview

Brewer’s location in the region has many economic advantages. It has excellent highway access to the rest of the State and to Canada, the coast, the river, the airport, and to the Bangor metropolitan area. It has good schools and is adjacent to major hospitals and institutes of higher learning. It also has a staff dedicated to helping business locate and expand within the City.

Brewer is an employment center for the region. Over 800 more people come into Brewer to work than leave Brewer to work elsewhere, but a quarter of Brewer residents work in the community; the rest commute to Bangor and other locations.

Recent economic highlights

City Accomplishments:

Project reviews

- Implemented a streamlined "one stop" team approach to meeting with developers to assist them in understanding and meeting regulations.

Infrastructure

- Invested in infrastructure to accommodate development (parking lots, intersection realignments, improved and new traffic signals throughout the City; widening traffic lanes on Wilson Street);
- Designed and constructed Dirigo Drive;
- Invested in the community by constructing two new state-of-the-art public facilities for the Fire/Police Public Safety Building, the new Public Works building, a new community center (through the Brewer Housing Authority), and the PreK-8th grade Brewer Community School;
- Completed a new Performing Arts Center in the Brewer Community School.

Waterfront

- Developed a waterfront master plan;
- Developed concept and construction plans and funding for Waterfront Trail;
- Completed \$4 million shore stabilization project and Children's garden along the waterfront.

Development enhancements

- Established an impact fee district that allowed the City to construct a number of needed infrastructure projects on the Wilson Street/Dirigo Drive corridor;
- Optimized use of tax increment financing to increase the amount of dedicated funding for economic development. TIFs help ensure an adequate and steady supply of funding for ED purposes and at the same time shelter assessed valuation from state revenue sharing, general purpose aid to education and county tax calculations such that the City pays less in tax and receives more in revenue. Since FY09 TIF funds have paid for 100% of the ED departments operating budget;
- Reviewed city ordinance to ensure that they are business-friendly;
- Created a revolving loan fund that can be used by businesses for environmental remediation projects.

Business Parks

- Designed new Brewer Business and Commerce Park along Wiswell Road and brought water and sewer to the park;
- In partnership with the Brewer Economic Development Corporation, developed a smaller business park on Liberty Drive which is already partially filled.

Marketing

- Became a Founding Partner of the Cross Insurance Center, a regional conference center and arena located in Bangor. Being a partner allows the City of Brewer and Brewer businesses to market themselves within the arena itself and in all their electronic media;
- Completely overhauled the City's website and added social media to its marketing strategy;
- Established a marketing campaign at the local, regional and state level, making Brewer known for its aggressive business development efforts and progressive approach to problem solving;
- Recognized by the State of Maine as a 2012 Certified Business-Friendly community.

Private Development

- Eastern Maine Healthcare Systems constructed two high-rise buildings on a 77-acre medical campus on Whiting Hill that is home to EMHS' corporate headquarters, the Lafayette Family Cancer Center, the EMMC Breast Surgical Practice, and the Raish Peavy Haskell Children's Cancer and Treatment Center;
- Cianbro Corporation redeveloped and now occupies the former Eastern Fine Paper site on the Penobscot River with products shipped globally;
- Major retail area expanded on outer Wilson Street with the addition of Lowe's and WalMart;
- Maritimes & Northeast Pipeline compression station constructed;
- Machias Savings Bank constructed a new 12,400 square foot bank building;

Employment in Brewer

Brewer has a diversified economic base, as indicated by the number of firms and employees in the communities. Table 1 shows the average annual number of employees in the City of Brewer that are covered by unemployment insurance (non-covered employees are not reflected in the table).

Sector	# Firms	Average Employment	% of Total
Total all Industries	370	5,875	
Construction	41	269	4.6%
Manufacturing	13	324	5.5%
Wholesale Trade	26	292	5.0%
Retail Trade	71	1,398	23.8%
Transportation, Warehousing	9	288	4.9%
Information	3	45	0.8%
Finance, Insurance	21	139	2.4%
Real Estate, Rental, Leasing	6	37	0.6%
Professional, Technical Services	28	168	2.9%
Administrative, Waste Services	30	777	13.2%
Health care, Social Services	37	721	12.3%
Arts, Entertainment, Recreation Services	6	52	0.9%
Accommodation, Food Services	32	635	10.8%
Other Services except Public Administration	32	173	2.9%

Source: Maine Department of Labor

Employment of Brewer Residents by Industry

Table 2 contains a breakdown of the labor force by industry for Brewer, Penobscot County and the State of Maine as reflected in the 2010 Census. The employment breakdown for Brewer is roughly comparable to that of the County and State with several exceptions. The number of Brewer residents employed in manufacturing (5.9%) is less than in Penobscot County (7.2%) and the State (10.1%), while the number of Brewer residents employed in wholesale trade (5.4%) and retail trade (17.4%) is higher than the other two jurisdictions. Brewer also has a higher percentage of its residents employed in the “finance, insurance, real estate and rental and leasing” (8.6%) and “arts, entertainment, recreation, accommodation and food services” (11.3%) than the other two jurisdictions.

	Brewer		Penobscot County		State	
	#	%	#	%	#	%
Agriculture, forestry, fishing, hunting, mining	38	0.8%	1,646	2.2%	16,245	2.5%
Construction	372	7.4%	4,751	6.3%	50,617	7.7%
Manufacturing	295	5.9%	5,431	7.2%	66,406	10.1%
Wholesale trade	273	5.4%	2,019	2.7%	17,734	2.7%
Retail trade	874	17.4%	10,580	14.1%	89,202	13.6%
Transportation and warehousing, utilities	234	4.6%	3,782	5.0%	26,200	4.0%
Information	121	2.4%	1,492	2.0%	13,702	2.1%
Finance, insurance, real estate, rental and leasing	433	8.6%	3,736	5.0%	40,370	6.1%
Professional, scientific, management, administrative	326	6.5%	5,120	6.8%	54,851	8.3%
Educational, health, social services	1,284	25.5%	23,707	31.6%	171,491	26.1%
Arts, entertainment, recreation, accommodation and food services	571	11.3%	6,307	8.4%	53,495	8.1%
Other services (except public admin)	79	1.6%	3,239	4.3%	29,699	4.5%
Public administration	133	2.6%	3,123	4.2%	27,544	4.2%
Total	5,033	100%	74,933	99.8%	657,556	100%

Source: 2010 Census Table DP03

Employment

As shown in Table 3, there were 5,332 Brewer residents who were in the labor force in 2010. There were 5,033 people who were employed, and 299 who were unemployed. Brewer's 2010 unemployment rate (5.6%) was slightly higher than all other jurisdictions shown in the table except for that of Eddington (10.1%), Penobscot County (6.3%) and the State of Maine (6.5%).

	Civilian Labor Force	Employed	Unemployed	Unemployment Rate
Brewer	5,332	5,033	299	5.6%
Bangor	17,771	16,932	839	4.7%
Eddington	1,158	1,041	117	10.1%
Hampden	4,130	4,047	83	2.0%
Holden	1,510	1,442	68	4.5%
Orrington	2,197	2,109	88	4.0%
Penobscot County	80,012	74,933	5,079	6.3%
Maine	703,391	657,556	45,835	6.5%

Source: U.S. Census 2010 Table DP03

Place of Work

According to the 2010 Census as shown in Table 4, of the 4,903 residents of Brewer who reported their job locations, 1,418, or about 29.9%, were employed by businesses located in Brewer. The remaining 3,485 people, or 71.1%, worked outside of Brewer.

Table 4			
Workers by Place of Work 2010			
	Place of Work Total	Worked in Place of Residence	
		#	%
Brewer	4,903	1,418	28.9%
Bangor	16,623	11,878	71.5%
Penobscot County	38,403	19,436	50.6%
Maine	303,302	129,511	42.7%

Source: U.S. Census, 2010, Table B08008

Means of Commuting to Work

As shown in Table 5, a greater percentage of Brewer residents (86.7%) drove alone to work by car, truck or van than at the County (79.6%) or State level (78.6%). Moreover, a slightly smaller percentage carpooled (7.8%) than in the other two jurisdictions (10.1% in the County; 10.1% in the State). Mean travel time to work for Brewer residents (16.7 minutes) is less than it is for Penobscot County (21.5 minutes) and the State of Maine (22.8 minutes). Approximately 2.4% of the workforce in Brewer worked at home in 2010. Comparable figures for the County and State were 3.5% and 5.1%, respectively.

Table 5						
Commuting to Work - 2010						
	Brewer		Penobscot County		Maine	
	#	%	#	%	#	%
Workers 16 and over	4,903	100%	72,656	100%	641,796	100%
Car, truck or van – drove alone	4,252	86.7%	57,847	79.6%	504,614	78.6%
Car, truck or van - carpooled	382	7.8%	7,310	10.1%	64,708	10.1%
Public Transportation	28	0.6%	708	1.0%	4,107	0.6%
Walked	50	1.0%	3,110	4.3%	26,002	4.1%
Other Means	72	1.5%	1,136	1.6%	9,828	1.5%
Worked at Home	119	2.4%	2,545	3.5%	32,537	5.1%
Mean Travel Time to Work in minutes	16.7	-	21.5	-	22.8	-

Source: 2010 Census Table DP03

Income Levels

The residents of Brewer have higher incomes than the population as a whole in Penobscot County. The higher incomes that residents enjoy may be due in part to the relatively high percentage of management and professional people who live in town but work elsewhere. As shown in Table 6, Brewer had a much smaller percentage of households making less than \$25,000 (25.9%) compared to 29.5% in Penobscot County. Slightly less than a third of Brewer households (29.2%) fall in the \$50,000-\$99,999 income range compared to 30.5% at the County level and 32.5% at the State level, but a higher percentage of Brewer households made more than \$100,000 than at the County and State levels. A total of 580 households in Brewer fell within the \$100,000 - \$199,999 range, while 99 households made \$200,000 or more.

	Brewer		Penobscot County		Maine	
	#	%	#	%	#	%
Less than \$10,000	410	9.9%	5,102	8.2%	39,795	7.2%
\$10,000 - \$24,999	666	16.0%	13,284	21.3%	103,249	18.7%
\$25,000 - \$49,000	1,187	28.6%	17,329	27.8%	148,593	27.0%
\$50,000 - \$99,999	1,214	29.2%	18,980	30.5%	179,154	32.5%
\$100,000 - \$199,999	580	14.0%	6,524	10.5%	68,519	12.4%
\$200,000 or more	99	2.4%	1,063	1.7%	11,815	2.1%
Total	4,156	100.1%	62,282	100%	551,125	99.9%
Median household income	\$44,566	-	\$42,658	-	\$46,933	-

Source: 2010 Census Table DP03

Income Sources

As shown in Table 7, a little over 74% of the households in Brewer reported income from earnings, with mean earnings of \$63,748 – significantly above mean earnings of \$57,484 at the County level and \$60,720 at the State level. Almost a third of Brewer’s population (30.3%) reported income from social security. In Brewer, the mean social security income was \$16,179 (higher than County or State figures) but the mean retirement income was \$16,142 (lower than the County figure of \$16,744 and the State figure of \$18,764).

	Brewer		Penobscot County		Maine	
	#	%	#	%	#	%
With earnings	3,079	74.1%	46,875	75.3%	421,594	76.5%
Mean earnings (dollars)	\$63,748	-	\$57,484	-	\$60,720	-
With social security Income	1,258	30.3%	19,487	31.3%	174,343	31.6%
Mean social security Income	\$16,179	-	\$14,473	-	\$14,720	-
With Supplemental Security Income	191	4.6%	3,649	5.9%	26,474	4.8%
Mean Supplemental Security Income	\$6,381	-	\$7,737	-	\$8,273	-

With public assistance income	234	5.6%	3,834	6.2%	25,487	4.6%
Mean public assistance income	\$2,870	-	\$2,728	-	\$2,952	-
With retirement income	874	21.0%	11,025	17.7%	103,348	18.8%
Mean retirement income	\$16,142	-	\$16,744	-	\$18,764	-

Source: 2010 Census Table DP03

Analysis

1. **Significant change in the economy and how it may affect the local population, employment, and municipal tax base.** The Maine economy has not yet recovered from the recession of 2008, but there has been some improvement in the economy of the greater Bangor/Brewer area.

Brewer's population is getting older (over 30% of households receive social security income), and it appears that a growing portion of the population is on a fixed income. This may make it harder to raise property taxes to pay for needed city services. Brewer may have to rely more heavily on non-residential property taxes to fund city services.
2. **Defined priorities for economic development and whether these priorities are reflected in regional economic development plans.** Brewer does not have a written set of economic development priorities other than those set forth in the 1995 comprehensive plan. However, Brewer does operate on the general principles of a more streamlined, efficient, and business-friendly government. Moreover, Brewer is heavily involved and has taken a leadership role in a number of regional economic development organizations and initiatives. These include:
 - Bangor Region Development Alliance
 - Bangor Region Chamber of Commerce Board
 - Greater Bangor Convention and Visitors Bureau
 - Bangor Area Target Development Corporation
 - Action Committee of 50
 - Mobilize Eastern Maine (informal working group)
3. **Existence and condition of traditional downtown.** There is a small one-block section of the downtown along the waterfront that resembles a traditional downtown, but it has been deteriorating. There are other commercial buildings along Main Street, but they are spread out. The zoning may need to be changed in this area to encourage private investment.
4. **Importance of tourism to the local economy.** Brewer is not a tourist destination, although people who come to shop in Bangor and Brewer sometimes stay in a local hotel.
5. **Role of home occupations in the community.** There are a number of restrictions on home occupations, some of which may unnecessarily limit entrepreneurship in the community.
6. **Appropriate areas within the community for industrial or commercial development and whether there are performance standards to assure compatibility with surrounding land uses and landscape.** Brewer has several industrial zones and industrial parks, as well as a professional business district. Performance standards include requirements for landscaping and storm water, but there may be a need to consider noise standards.
7. **Availability of public facilities, including sewer, water, broadband access or three-phase power.** While water and sewer services are generally available, natural gas is not available in a

number of industrial and commercial areas. Dirigo Drive is not served by electricity. The business park currently being developed has water and sewer, but not natural gas.

8. **Whether regional economic development incentives such as TIF districts encourage development in growth areas.** Brewer has a number of Tax Increment Financing (TIF) Districts that are used only for proposed projects on a case-by-case basis. Brewer uses these TIFs to incent specific types of development and specific locations for development, but does not create TIF districts until an appropriate end-user has been found.
9. **Use of Brewer's unique assets such as recreational opportunities, historic architecture, civic events, etc. for economic growth.** Brewer has highlighted some of the city's assets in marketing efforts such as its website.