

## 9. Economic Development

### 9.1 Economic Characteristics

Central Vermont is comprised of 23 communities and home to approximately 61,350 people. Montpelier is in a unique position, serving as both the geographic center of Central Vermont and an economic and social hub for surrounding communities. The regional Chamber of Commerce reports that Central Vermont has 2,406 employers, providing jobs for approximately 29,000 residents. According to Vermont Department of Employment and Training labor market information, in 1997 there were approximately 607 employers that provided positions for approximately 8,527 individuals in Montpelier (Table 9-1).

The location of the state capital in the city has a profound influence over the character and economy of Montpelier. This is illustrated in both the proportion of administrative and managerial jobs in the city, and the relatively high incomes enjoyed by residents. It is apparent in the variety and number of professional services that work with government and/or desire a location in the state capital. Montpelier is a significant source of employment for Washington County. The Montpelier Community Development Plan (1987) found that Montpelier provides employment for approximately eighty percent of the communities in Washington County. The MCDP estimates that Montpelier serves, on average, a daytime influx of approximately 10,000 people although more current estimates suggest a weekday population of over 15,000 people.

Montpelier, as the capital of Vermont, is home to the State legislature and the Governor's office, but also to a wide array of administrative and regulatory agencies. The State of Vermont is one of the single largest employers in the City of Montpelier, employing 2,317 individuals and paying total wages of \$69,266,209. Those individuals employed by the State constitute 27% of the city's total work force, and 29% of the all wages paid reflecting the higher-paying nature of state positions.

As the seat of State government, Montpelier is also host to a number of Federal offices and agencies, among these Vermont's Congressional field offices, the Internal Revenue Service, and the Small Business Administration. In 1997 the Federal government employed 150 individuals in Montpelier, paying \$6,377,691 in total annual wages. Department of Employment and Training statistics reflect that federal jobs paid \$42,424 on average, a sum \$14,482 greater than the overall average wage, and \$15,471 greater than average private sector wages. The number of federal employees in Montpelier has slowly decreased from 167 in 1990 to 150 in 1997.

TABLE 9-1  
Employers and Employees in Central Vermont  
Communities

Town	Number of Employers	Number of Employees
Barre City	463	4,627
Barre Town	164	1,944
Berlin	199	4,394
East Montpelier	54	533
Middlesex	32	225
Montpelier	607	8,527
Waitsfield	182	1,158
Waterbury	226	3,382

Source: Vermont Department of Employment and Training (1997 Data).

**TABLE 9-2  
Annual Job Growth In Montpelier**

Economic Sector	1980		1985		1990		1995		1997		Emp. '80-'97 (%)
	Unit	Emp	Unit	Emp	Unit	Emp	Unit	Emp	Unit	Emp	
Total Private Owners	402	4,484	474	4,713	506	5,600	537	5,518	548	5,601	24.9
Ag., Fish, Mining, Forest,	3	6	na	na	na	na	na	na	na	na	na
Const.	24	121	35	101	33	175	18	64	14	64	-47.1
Manuf.	17	270	16	198	20	270	19	247	23	243	-10.0
Transp. & Util.	15	367	18	254	13	170	17	243	18	343	-6.5
Wholesale	26	238	26	262	28	210	22	120	21	107	-55.0
Retail	103	908	116	901	113	1,087	117	1,166	115	1,221	35.5
FIRE/3	40	1,289	50	1,606	47	1,804	45	1,540	48	1,491	15.7
Service	175	1,285	210	1,385	248	1,844	292	2,072	301	2,053	60.0
Local Gov.	15	415	17	359	23	464	17	456	17	459	10.6
State Gov.	29	2,829	28	3,418	19	2,301	24	2,387	23	2,317	-18.1
Fed. Gov.	14	174	18	162	16	167	20	148	19	150	-13.8
Total Emp.	459	7,902	537	8,652	563	8,532	598	8,509	607	8,527	7.9

Source: Vermont Dept. Of Employment & Training

/1 Units refers to the number of businesses paying unemployment insurance. Emp is the number of people employed in the sector

/2 n - data is confidential but included in subtotals

/3 Finance, Insurance, & Real Estate

While the presence of state government is extremely important to Montpelier's economy, private sector employment provides the lion's share of positions. According to 1997 Department of Employment and Training figures, total private sector employment was 5,601 and accounted for \$150,951,401 in total wages. This constituted 65% of total employment and 63% of total wages. Of the components of private sector employment the three largest employment providers are Services (36%), Finance, Insurance and Real Estate (26%), and Retail Trade (22%). Between 1980 and 1997, Service sector employment increased by 60 %, in contrast to Construction and Wholesale, which lost 47 % and 55 %, respectively (Table 9-2).

The presence of major insurance company headquarters, tourism, and a large number of health services businesses has a large economic impact in terms of employees, money brought into the local economy, tax revenues, and community contributions. Table 9-3 illustrates the distribution of Montpelier's private sector businesses, based on a 1999 inventory, with the Service sector in the lead, followed by the Retail and Finance, Insurance & Real Estate sectors. Businesses in the Finance and Insurance sectors are facing

numerous industry changes and pressures, which could have a significant impact on the continued presence and strength of these industries in Montpelier.

According to Table 9-4, a large proportion of the city's residents are employed in white collar jobs--a higher proportion than reported for either Washington County or the state as a whole. This corresponds to the high proportion of governmental and professional offices located here and suggests that many professional Montpelier residents both live and work here.

Montpelier's population consists of a substantially better educated labor force than the county or the state. This is particularly noticeable in the 16.8% of residents over 25 years old holding advanced degrees, nearly double the statewide level (Table 9-5).

**TABLE 9-3**  
**Number of Private Sector Businesses by Sector and Location**

Sector (based on SIC code)	Montpelier Businesses			
	Citywide		Downtown	
	Number	%	Number	%
Services	444	60%	297	66%
Retail Trade	138	19%	83	18%
Finance, Insurance, & Real Estate	65	9%	31	7%
Manufacturing	32	4%	14	3%
Construction	24	3%	7	2%
Transportation & Public Utilities	19	3%	13	3%
Wholesale Trade	16	2%	3	1%
Agriculture, Forestry, & Fishing	7	1%	1	0%
<b>TOTAL</b>	<b>745</b>	<b>100%</b>	<b>449</b>	<b>100%</b>

*Dun & Bradstreet Database, updated.*

**TABLE 9-4**  
**Employment of Montpelier Residents By Occupation, 1990**  
**(% of Total Employed)**

Occupation	Montpelier		Washington County		Vermont	
	Persons	%	Persons	%	Persons	%
Managerial & Professional	1,700	41.8	8,406	30.7	78,675	27.8
Specialty Technical, Sales	1,400	33.1	8,656	31.7	81,666	28.8
Admin. Support Services	515	12.2	3,562	13.0	38,136	13.5
Farm, Forestry, Fisheries	9	0.2	625	2.3	11,711	4.1
Precision Production, Craft, Repair	243	5.7	3,102	11.3	34,912	12.3
Operators, Fabricators, Laborers	296	7.0	2,994	10.9	8,046	13.4

*Source: 1990 U.S. Census, STF3A*

The quality of jobs in the city and high levels of education are reflected in elevated median family incomes (Table 9-6). The median adjusted gross income is defined as married filing jointly and head of household returns. These figures do not include persons or families who did not file a tax return or who are unrelated people sharing a dwelling. The median family income for Montpelier and the surrounding communities is showing a steady increase over time. These income levels for Montpelier and the surrounding towns are substantially higher than the state average and may be partly attributed to the number of relatively higher wages of the state and federal jobs available in Montpelier.

**TABLE 9-5**  
Educational Attainment of Persons Over 25 Years, 1990

	Montpelier		Washington County		Vermont	
	Persons	%	Persons	%	Persons	%
No High School Degree	774	13.9	6,652	18.7	68,637	19.2
High School Graduates	2,159	38.8	17,695	49.7	176,024	49.3
College Degree*	1,698	30.5	8,000	22.5	80,850	22.6
Advanced Degree	936	16.8	3,256	9.2	31,734	8.9

\*Includes both Associate and Bachelor Degrees  
Source: 1990 U.S. Census, STF3A

**TABLE 9-6**  
Median Adjusted Gross Income for Families by Town and State

Town	1995	Median AGI, 1996	1997	% Chg 96-97
Barre City	\$30,168	\$30,725	\$31,261	2%
Barre Town	\$40,778	\$42,363	\$44,053	4%
Berlin	\$37,790	\$39,593	\$40,485	2%
E. Montpelier	\$42,954	\$44,009	\$47,685	8%
Middlesex	\$44,097	\$46,937	\$48,952	4%
Montpelier	\$41,681	\$42,055	\$43,742	4%
Waitsfield	\$39,884	\$41,006	\$45,210	10%
Waterbury	\$41,740	\$42,671	\$46,264	8%
State Total	\$36,113	\$37,609	\$39,408	5%

Source: Vermont Department of Taxes 1998.

Some of these conclusions may be based on changes to the tax laws and filing requirements rather than any significant improvement in their economic situation.

Despite the variety of data presented above, planners and citizens involved with both the Master Plan and the Downtown Revitalization efforts have been hampered by the lack of more detailed information regarding the following:

- Inventory of potential commercially-usable sites
- Inventory of expansion needs of existing businesses
- Identifying tourist needs and city's capacity to accommodate them.

Finding cost-effective ways of acquiring this information is essential to continued quality planning in Montpelier.

## 9.2 A Vision for the Montpelier Economy

In order to maintain, develop and enhance Montpelier's high quality of life, unique character and the blend of natural and built environment, there needs to be a variety of economic opportunities and diversity of services for the people who live in, work in and visit the city.

### **Downtown**

Develop a downtown commercial area with a mix of retail, housing and professional services that attracts both shoppers from Central Vermont and tourist, and supports the needs of local residents and workers. Improve downtown infrastructure, amenities, and environment to make a more attractive and workable destination and community. Emphasis should be placed on strengthening and improving the viability of existing businesses and filling vacancies at street level with locally owned businesses that complement other area businesses and maintain the traditional character of the area. Develop underutilized 2nd and 3rd floor spaces for professional/services providers and adverse mix of owned and rental housing units. Retain and support the growth of cultural activities in the downtown commercial area.

### **Infrastructure**

Montpelier seeks to support a diversity of businesses by encouraging the availability and affordability of commercial space and amenities that can accommodate the growth of existing businesses and new businesses that fit the city's scale.

The traditional infrastructure requirements of water and sewer already are available to the city's commercial locations. Other infrastructure needs that the City should support include:

1. The development of incubator space that assists businesses growing from home occupations or from small shops of four or less employees to operations employing ten to twenty people;
2. Development of exhibit and conference space that enhances the city's ability to host statewide meetings and conferences. While there are a number of existing facilities in the city, none have the capacity to provide exhibit space or host larger groups nor do they have state-of the art technology.
3. Development of a welcome center.
4. The availability, affordability and maximum public access possible for communications and technology services within the city. This includes a variety of bandwidths and methods for accessing the internet including dial-up, ISDN and cable; the location of downlink facilities in the city and support for public access interactive TV and cable facilities.
5. Accessible public restroom facilities in the Downtown.

### **Support Existing Businesses**

In order to sustain, improve, and expand the current businesses and jobs located in our community we must emphasize and promote the advantages of our location, workforce, and our support for the arts and cultural activities. We must take steps to improve the business climate for those businesses that fit the scale of the city and provide quality jobs. Any economic incentives or assistance for new businesses coming to Montpelier should also be made available for existing businesses.

### **Tourist Services**

In order to sustain and enhance the retail, performing arts, and other segments of Montpelier's economy, it is desirable to increase and diversify the base of tourists and other visitors to the city and enhance and develop Montpelier as a year-round destination while preserving its unique quality of life. To make this happen, Montpelier needs adequate bus facilities and parking, lodging to accommodate a greater influx of year-round travelers, public restrooms in the Downtown area, and better signage to direct and inform visitors to the services and places to visit in Montpelier.

### **Lifelong Education and Training**

Montpelier offers many opportunities for formal education and continuing education for its residents and citizens in the region. Future businesses and employers often prefer to locate in areas where there is an educated workforce, opportunities for continuing education, and resources to support economic development policies. The City seeks to encourage residents of all ages to utilize the wide array of educational, technical, and recreational opportunities offered by the many institutions of higher learning, public school facilities, City recreational facilities, and other private resources, and to integrate these resources to further enhance employment opportunities through the cooperative sharing of these assets and the building of cooperative partnerships.

### **Optimum Use of Existing Commercial Areas**

The City seeks to have existing commercial and industrial areas being used as fully as practical. Appropriate rehabilitation and use of existing space should be ruled out before encouraging major new development.

### Downtown

The City seeks to encourage conversion of unused upper-floor space into office and residential uses. To this end, the City shall seek shared accessibility solutions, tax stabilization programs and promotion of available space.

### Route 302/2 interchange

This location, which is one of the city's gateways, requires traffic and access improvements to meet its potential as an attractive site for one or more commercial or light industrial operations.

### River Street

River Street is Montpelier's major commercial highway corridor. Although most of the commercial uses located there are oriented toward serving the motoring public, such as gas stations and vehicle sale and repair shops, there are also professional offices, retail stores, residences, and radio station facilities. River Street is also characterized by many curb cuts, ineffective landscaping, visual clutter, historic buildings in disrepair, and unattractive contemporary buildings. At many points, River Street is a significant gateway to the city that provides a critical viewshed for the State House. The City seeks to protect these assets while allowing for the need to meet automobile-related needs.

### National Life

The National Life building is the city's only private office park. It is convenient to the Interstate and visible throughout much of the community. The City seeks to ensure its full occupancy while reducing its visual presence. Several sites have been identified within the office park for future development.

### State-owned property

The future of state-owned property is more fully detailed in the Capital Complex Master Plan, 1965. The City supports this Plan and its goals as well as the goals arising from the City-State Capital District Master Plan currently under review. A coordinated review process of land development which affects both the City and the State is essential to effective implementation of these three plans.

### Stone Cutters Way

In 1996, basic infrastructure was completed along what is now known as *Stone Cutters Way* as part of the Winooski East Riverfront Redevelopment project. The infrastructure includes new water and sewer lines, underground electricity, cable, and phone lines, drainage, a new road, granite curbs, new lighting, and section 1 of the Winooski East Bike Path. These improvements were intended to stimulate private sector reinvestment within this 14 acre stretch of land between Main, Granite, and Barre Streets, which had been predominantly characterized as a derelict rail yard. Approximately 4.7 acres is privately owned and already commercially developed; 7.6 acres consist of public and railroad right-of-way (including the

road, path, and turntable park); and the remaining 1.95 acres is state-owned land available for redevelopment.

Four parcels have been identified as potential redevelopment sites: (1) approximately 0.25 acres with the freight house building; (2) approximately 0.5 acres where the former engine house stood; (3) approximately 0.3 vacant acres between the former engine house site and the turntable site; and (4) the former salt shed building and site, the land of which remains owned by the State but the building is owned by the Central Vermont Skating Association. The turntable site is intended to be redeveloped into a public park with access to the river. These sites could be redeveloped as independent projects or combined into one or more larger projects. In addition, each site carries specific restrictions or conditions that must be addressed, including review and approval from the Winooski East Redevelopment Council.

### **9.3 Business Development Opportunities**

Montpelier offers Office Park, General Business and Industrial zoned designations for the development of new office complexes, commercial and/or light industrial opportunities (see Section 11 Land Use Development, 11.2 Current Zoning, Figure 15 Current Zoning Districts, and Figure 16 Future Land Use Plan). New development in these area will be encouraged if it provides the following community benefits:

- Sensitivity to conserving riverfront and other natural areas
- Development above the floodplain
- Municipal water and wastewater connection
- Minimal municipal infrastructure expenditures
- Effective and safe use of existing transportation networks including highways and rail
- Easy access to Pedestrian/Bike path
- Protection of future passenger rail service opportunity

### **9.4 Economic Development Goals & Recommendations**

1. **Support and develop Montpelier's role in the region's economy by insuring the availability of a variety of goods and services, economic opportunities and financial resources for current and future city residents and the businesses that serve the region.**
2. **Support enterprises that make use of the traditional skills and resources of the region to produce value-added products that will maximize reinvestment in the city's community services and facilities.**
3. **Expand the community's understanding of the existing economy by identifying the opportunities, needs and constraints of the city's (a) non-retail, for-profit businesses, and (b) not-for-profit businesses.**

#### **Recommendations:**

##### **General**

- a. Encourage business opportunities that compliment the quality of life and values of the city's residents.
- b. In looking at new initiatives and expansion of current businesses, support those projects that diversify services, increase or maintain average wages, provide quality jobs and/or meet an identified community need.

- c. Encourage community investments such as educational, health care and municipal services that will aid in attracting economic development opportunities while strengthening and improving viability of existing business with new businesses that compliment Montpelier's quality of life.
- d. Encourage local buyers to purchase goods and services from local businesses.
- e. Develop and maintain an inventory of residential, commercial/industrial, and other development sites.

**Infrastructure and Facilities**

- f. Encourage the development and expansion of the infrastructure and facilities which are needed by business and residential development if they are compatible with local land uses, businesses and services and current zoning and the Future Land Use Plan (see Section 11 Land Use Development, 11.2 Current Zoning, Figure 15 Current Zoning Districts, and Figure 16 Future Land Use Plan).
- g. Support the improvement and/or development of facilities for cultural organizations, including program performance and exhibition space, workshops, teen center, and artists' studios.
- h. Explore or find means to improve accessibility and affordability of space for small businesses and/or residential space on 2nd and 3rd floors. Explore the feasibility of the development of the Jacobs lot for multi-level garage and cooperative or shared service core including cooperatively used elevator that can serve the buildings on State and Main Street.  
  
Support efforts which encourage access to publicly-supported technology.
- j. Evaluate future multi-modal transportation access and circulation needs and develop and implement appropriate solutions.

**Access to Capital, Training and Workforce**

- k. Establish guidelines for flexible use of funds from repayment for economic development grants, and establish asset management plans for all City loan funds.  
  
Support programs that assist with the working capital and expansion needs of existing or new business. Consider exploring funding opportunities to support such programs.
- m. Assist businesses in utilizing local labor and community services and facilities by coordinating educational and employment needs to ensure a highly skilled and professional workforce.
- n. Work with government and educational institutions to ensure training is available on business issues to local small businesses.

**Marketing and Communication**

- o. Promote Montpelier as a vital regional and statewide community center for business/professional services, retailing, education, residential use, recreation, dining, cultural activities and government.
- p. Provide useful information to prospective businesses and developers, in order to attract increased investment in the community by developing, maintaining, and marketing an inventory of sites and expansion needs of existing businesses.

- q. Encourage promotions to targeted segments of local retail market such as college students, residents, state and other major employers and tourists.
- r. Support centralized promotional and marketing efforts about Montpelier including the expansion of regional promotional and marketing efforts.
- s. Identify facilities and activities, existing and potential, which attract identified tourist target groups; support existing identified facilities and activities and encourage the development of needed identified facilities and activities.
- t. Promote arts, entertainment, evening activities, special events and cultural and seasonal activities in Montpelier to attract tourists by maintaining and continually updating the Montpelier Web Site.

**Coordination**

- u. Coordinate tourism related development with other economic development efforts (such as downtown revitalization, agricultural products, commercial, retail and industrial development) in order to maximize the City's return on investment by exposure of all facets of products and opportunities to both visitors and residents.
- v. Foster communications with and between local businesses and development organizations and enable them to respond early to opportunities.

**Taxes & Regulation**

- w. Improve the Permit Review Process to render it simpler, more comprehensible and expedient.
- x. Emphasize customer service in the zoning and development review process.
- y. Seek to reduce the municipal tax rate by working with our elected state officials to authorize local option Meals and Rooms and Sales and Use tax and fair PILOT payments.
- z. Use a portion of these taxes to support programs that assist local business.
- aa. Recognize the importance of the service sector and the tourism industry and encourage policy and investment which recognizes the need for and value of the service sector of the region's economy.