

Envisioning the Economic Future of the Midcoast

Speaker 1: Diane Lebson/Introduction of David Pio

All right. So I'm going to make a very unconventional introduction of someone, because you can read all about Dave [inaudible] bio in the newsletter. You could even Google him. You'll find that he's a really smart guy, but what you will not find on Google or the newsletter is the kind of guy that he is. You'll find his accomplishments. But what I really want to talk about today is how Dave is someone who sees an opportunity and grasps it. So the first time that Dave PO came into Eric lessons in my life was on a key air flight. They're coming in from Logan. And you know, the story. Um, thank you for coming in from LA. Derek is coming in from DC. And for some reason, Eric sleazy wife is not able to pick him up at the airport. So Eric's like, okay, well, I'm just going to call a taxi and get home.

Well, those of you who've been in here for a while, realized the taxis are hard to come by. So Dave overheard this and he said, Hey, where do you live? Let me give you a ride home. Now let me underscore what kind of risky behavior this is, this guy's originally from LA. My husband's originally from DC and a stranger asking students to give a ride home. Eric took that leap of faith. And when he was in Dave's car, texted me not to alert me to any danger, but rather to alert me to this really cool guy, D that he met at the airport. And I'm like, what, whatever. And so I ended, my meeting came right outside and you're confusing me today. And he was absolutely right. Dave is someone who is considerate, he's friendly. And he's a great addition to our community. He's just the type of person who really seeks out the best in people and makes new friends. So he's here going to be talking about his role as the chair of Rockport's economic development committee. And after he talks with you today, you'll see why he's the right man for the job. So Dave, come on up.

Speaker 2 David Pio/Presenter

Well, thanks, Diane. That was quite the introduction. I appreciate it. I want to talk about today is economic development here in the mid coast and Rockport specifically, but they kind of all go hand in hand.

So what we want, what I want to talk about is envisioning the future of the mid coast from a newcomers perspective. First off, it's gonna take awhile. Okay my name is Dave Pio. I produced a bio, I guess many of you probably saw it, but a little bit about me. Part of the reason I'm here talking today is because of my role as the chair of the economic development committee for Rockport. And I also serve on the planning board in Rockport as well. A little bit about just my background. I have a degree in landscape architecture and land planning from the university of Illinois and an MBA from the university of Chicago. I was born and raised in the Midwest. Diane mentioned Los Angeles, but that was where we last lived before moving to Rockport almost exactly two years ago today.

We are climate refugees partly, and we also just wanted to raise our children in a smaller community. And I loving where we are so far, Professionally I run a national real estate investment platform. We focus on multi-family and student housing all over the country and I am a huge lover of the outdoors, love everything that Maine has to offer, and a sailor and skier. You can find my family and I out in the woods or on the water. And some of this might not make sense without my slides, but my fault I produce it and keep keynote instead of PowerPoint. So anyways, I'll just kind of wing it even though you can't see everything. One of the things I'm really interested in is sort of this intersection between economics and business, land use, and resiliency. kind of how those three come together.

And so looking at resilient models of business creation and economics, as well as resilient models of land use as you may or not have seen there was an updated report that came out yesterday from the IPC on

climate change. Not good. So everything that I think about is through that sort of the lens or of that in the background. This has formed some of my thought processes around Maine and economic development that may be for counterintuitive or different than the way things have been done in the past. Knowing that that's sort of in the background and we need to solve for that from an economic development perspective, a year ago Deb Hall, the former chair of the Rockport select board approached me and asked if I'd have an interest in helping to form an economic development committee in Rockford.

Rockport never had one. She heard a little bit about my bio when I had raised my hand to join the planning board and said, Hey, you know what, you'd be the perfect person to maybe start this. And so I sat down with her and talked for quite a while and then met Rich Anderson here. Rich and I sort of brainstormed a bit on who might fit well on the committee and Rich knowing everyone in town had a much bigger hand in that than I did. So last fall we launched our economic development committee. And as part of doing that I put together an outline of some topics for the group that we might discuss or think about to inform ourselves how this committee might go forward. This presentation is really is going to be an outgrowth of the presentation to my fellow committee members.

Um, so the big picture goals of our committee are really job and economic development creation and retention, as well as to build economic opportunities for everyone. I think that that's the underlying goal and also to provide additional town revenue. That's important as well in order to provide the services that we need as a town.

The other issue that we are faced with is dealing with the demographic issues affecting Maine and Knox county. As many of you probably know, Maine is the oldest state in the country. And Knox county happens to be the oldest county in the oldest state in the country. So we have an issue when it comes to replacing our population. At the state level, I think the number we need is to replace 70,000 people statewide just to get back to where we are.

So that's the number we're working towards. That's not even growing beyond that. We also have to stop the brain drain that we have and find ways to keep our young people here. I don't think it's an unknown that most kids who grew up in our communities when they graduate and they go off to college, they don't come back. There's no way we can have a fully inclusive and dynamic economy without having those young people in our community.

This one may be a little controversial, but you'll see where I'm coming from on here. I think that the state and our region needs to drop the total focus on tourism or we'll never keep our youth here. As long as we have an economy based solely on tourism, there's going to be no jobs for our youth and it's not recession proof.

There's nothing resilient about a tourism economy. It's really important. It can be a great driver for attracting people here, and I'll get more into that, but longterm it's kind of a stop gap. Maine had these old line industries that for whatever reasons through different different times kind of went away and it was sort of replaced with tourism. That has kind of kept our economy going, but I don't think it's a resilient longterm solution. I also think we need to be known as a favorite place to live, not just vacation. It kind of goes along with that. And we also need to balance our short-term needs, of which there are many, with strategically thinking about long-term and also the trends that are coming down the line like climate change,

So the way I see it, there's two really big pictures. These are hard problems to solve and we won't be able to solve at the committee level. We won't be able to solve at the town level. We won't even be able to solve necessarily in the regional level. But there are things that we should be able to be thinking about at the state level, and that has to do with the way taxes happen. We need to rethink the State and local tax mix. As you may or may not know, you know, our towns provide almost all of our governance, but live only on property tax. Sales and personal commercial income tax revenues all goes to the State. And this

is especially a problem for inland towns that can't generate the same levels of property tax income than coastal towns like us can because we have higher land values as a function of just the way our economy currently works.

One of the things we should be thinking about is how can we look at tax reform. How can we reduce that inequity between inland and coastal towns while also aligning incentives correctly so that the towns that do successfully promote economic development growth get to keep some of those dollars in the town where they produce it. I'm not a tax expert, but these are just kind of things I see. Consider some of the tax ideas that are out there such as, we institute a statewide land value tax. That could be revenue taken by the state and some is kicked back out to the towns on a per capita basis. Also look at splitting sales revenue evenly between the state and the towns where it's created, that would go a long ways to providing additional income for our towns, so that we're not solely based on property tax. Then we don't have to increase property tax and force people out of their homes because we have another way to generate revenue. You know, towns should also be allowed to tax structures if they want, not just the land beneath the structure.

The other thing that you may or may not know of about Maine is that we have a seasonal taxation regimen. And what that means is that in the normal part of the year, we have a five and a half percent retail sales tax, but that goes up to 7% for lodging and prepared food and 10% for rental cars from July through October only. I maintain that these rates maybe be increased even further during the tourist season so that we can capture more of those dollars. Don't quote me on these figures. I know Maine has a population of roughly 1.3 million, but I've heard figures that in the summer the population of Maine balloons into the millions. We're not capturing all of the tax that we could be when one caveat of this is that a substantial share of those summer taxes are paid by the tourist or summer people rather than the residents. There could be a mechanism whereby price sensitive year round Mainers could strategically time their purchases to be outside of that window to benefit from the lower taxes. This also encourage remote workers who maybe want to spend part of the year here. Maybe they would stay longer because they can take advantage of those taxes outside of the sort of high tourist season and benefit from that.

The other big picture issue is governance. Can small towns like Rockport and Camden, realistically self-governed indefinitely. You know, at what point do operational and administrative liabilities become too great to service through property taxes alone. So if we don't change the tax side of it can we remain small towns? With the burdens of operations that we have Where every town has its own fire department and police department and library, can some of the services be shared at the regional level or the county level.

What are the benefits or disadvantages of time governments for city governance? This is another thing, you know, Rockland and Belfast are our city governance, whereas Camden and Rockport or town governance. The difference being governance by representation via direct participation. And so I'm not saying that there's a benefit to one way or the other, but it's something that a town like Rockport and Camden may want to think about as it looks to grow and become sort of more efficient in its decision-making. Because while a democracy by everyone is a great thing to have, it also is extremely slow and inefficient when you're trying to look at large scale change that needs to happen. It's kind of that give and take, push and pull when maybe it should be a topic going forward to look at.

The other things that our committee is looking, or just these other big picture questions, which are regional versus local economic development, should we be doing this alone at the town level, or should we be working collectively with other neighboring towns or at the county level. Like I said, where would we make a bigger impact? This gets to some of those governance changes. The other big picture question or issue is housing affordability and availability. I think everyone's aware of this. It is a hot button topic that not only are we trying to solve here locally. The state is trying to solve it as well. The pandemic really shone a light light on this with a lot of influx of people. Obviously property values have

gone up primarily because we have no supply. And one of a couple of the things we need to do around the supply issue is that we need a regional planning approach to development.

We need to plan for growth collectively. It can't happen in a vacuum if Rockport's doing one thing and Camden is doing something else and Rockland is doing another thing, we're never going to get the the scale of development that we need to solve some of these problems. The other thing is we need to be looking at our comprehensive plans and our zoning codes to see what changes need to be made to foster smart growth development. A concerted effort needs to be made to promote housing development and increased density. One of the best ways to increase affordability is to increase density. By having more homes, smaller homes, in forms that maybe traditionally weren't here, townhomes, apartments, condos, and different forms of, of, of ownership versus leasing. You know, not everyone can afford to buy a home, especially where things have gone.

So we need rental options as well, and we need to be able to build for that. Part of being able to build for that is to have enough scale and enough density to make the numbers work. The other part of this is that we need to promote smart development and limit sprawl. Sprawl is the way our zoning codes written. We have these minimum lot sizes which just leads to more sprawl because if you have to build a house on a two acre minimum, or a three acre minimum, you're just going to eat up land where you could take that same amount of land and put dozens of houses on that land and preserve other land. you know, kind of further out from the city center. We need to encourage that kind of growth or that kind of development, I should say.

And one aspect that drives that is the availability of sanitary sewer. So you need to have sanitary sewer in order to have higher density because you don't need the same size lot to provide for leach field, with a septic tank. That's the limiting factor to growth and density is the ability to handle the sewage. And so where we can make infrastructure investments in our sanitary sewer systems, we can provide more housing and higher density housing, which again, will help to bring that cost of housing down. The other side of this is we need to move from an idea of nimbyism to yimbyism. If you're not familiar with that term, you know, NIMBY means not in my backyard. and YIMBY is yes, in my backyard. My initial assessment is an cider to the area and to new England is that, you know, there's a lot of anti-growth sentiment here.

If we're going to provide housing and affordable housing, we're going to need to change that mindset too, yes, we want development. We want to encourage it, and we need to figure out how to make it happen, as opposed to just throwing up sort of a red flags and just saying no at all costs. Uh, the other thing we need to revisit is the way land costs has gone here. Maine has a great history of doing good land conservation. A lot of private land owners are able to conserve their land and that is allowed for use for everyone. But what happens a lot of times when you do that is there's a tax benefit to the landowner by putting that land in conservation land that they likely would not have developed anyways. But what it does is it robs the municipality from that tax revenue, or if you put land into tree growth as well, we're not getting the same land basis or that revenue because under our current tax situation, if we changed the taxing, that may change that. So taxing is one side of it, but the other side of it is that some land parcels may be better off developed and not conserved where other parcels would be better off conserved and not developed. And so if there was an entity in the middle of land trust say where the land was actually donated, and then that trust could decide whether or not they could "horse trade" for the parcels. They really want to conserve and develop the other ones. Um, but you still get the same benefit of that. So that's another thing we need to think about as we're looking at land use and housing.

The last part is the affordability component is getting the cost of construction down. And this is tied to a couple of issues.

One is supplies, which we can't do much about. This is a national issue, um, where supply costs have gone up. But our labor costs are also very high and that's partially because we don't have enough people working in the trades. We don't have enough skilled labor and the demand far out seizes, the supply of labor. On the other side of that too, is we're not building a scale. Maine does not really know how to build that scale, even in the Portland area we don't have home builders that are building multiple houses at a time or large multi-family projects where we can get those cost efficiencies and that the economy is scaled down. And so when we look at building something we're being quoted, uh, by the local local contractors, you know, \$300 a foot, well, there's no way you can build an affordable house at \$300 a foot.

So we have to find ways to build that down and part of that's through scale. So those kind of big issues we're dealing with our committees kind of looked at some focus areas to focus on. And in interest of time, I won't go through all of these in-depth, although I have slides around them. So you can look at them later, but some of the big picture items are; How do we attract businesses and people to the area? How do we retain young people in their area? What are some homegrown business initiatives we can work on? How do we create more middle income jobs? How do we pitch this area as a recreation, powerhouse, and what I mean by that is, you know, we have all these amazing outdoor opportunities that are really not on the map nationally.

And if that was the case, we would attract more people to this area, like mountain towns do out west. And so people will want to come and live here for the lifestyle and that will bring more people that will bring more dollars being spent in our communities. It would put us on that map for year round residents who want to be a part of that. That is the benefit to moving to cold Maine. I personally feel that we are going to see a reverse migration of people back to the Northern latitudes as some of these Southern Western latitudes become less inhabitable. I mentioned that we were climate refugees, and that was the case. We were living in the Malibu area of Southern California and we were forced out during the Woolsey fire three years ago. We were out for a week, the year before that the Thomas fire burned through Ventura and Santa Barbara county.

My dad lives up in the Ohio area and his wood shop burned down. And so these are happening, they're happening every year, more and more consistently. And I think you're going to start to see more and more people rethink where they're moving to. And Maine, I think has an opportunity to sit here and say, Hey, let's have you move here, but let's provide the infrastructure with the tools that make this a great place. And that may be the key to repopulating our state and rebuilding our economy. The last thing I'll just say is that we need to also focus on existing businesses and our workforce, as well as support local and regional agriculture and support the local craft trades up here. We have a lot going for us here in the mid coast and a lot of things we can draw on.

Each one of the things I just discussed could be its own presentation in its own right. But those are the things that our committee has been systematically working on. We are at the next phase of our committee, which will kick off later this week We will now be creating action items to implement some ideas around some of what I have been discussing. So with that, I'll sort of leave that open to any questions you have. I appreciate the opportunity to speak with you today. And it's great being here and everyone out in internet land as well.

Q&A

Question: So I'll kick us off. One of the things we talked about Dave was the mindset we need to change from nimbyism to yimbyism. There's a whole lot of mindset issues that need to be changed, not only with regards to not in my backyard, but why should we change this? This is what we've been doing for generations and generations. What can groups like the Rockport economic development committee do to educate people or to raise awareness so that their mindsets will change because that's going to be a significant barrier? Sure, That's a good question. And I'm
Speaker

Very sensitive. The fact that I'm an outsider and have tried through this process to sort of convey that and to be sensitive to the way things that have been done. I think from my perspective, personally, all I can do is try to put forth ideas. and hopefully they resonate with people. But I do think that it does take a change in mindset. It will take people in the community that can see some of these challenges and some of the potential solutions and really talk about it with their neighbors. People who have been here long-term and get people involved. I do think that as our committee goes forward, as we work with other economic development groups in the region and we show change and opportunity and possibility that may help change mindsets.

Question: You didn't mention broadband at all. I wonder if you see broadband as the way it's being portrayed, mostly around this area?

So broadband is a huge piece of that, and it's actually a big component of attracting people to the area, which I didn't go into detail on. Deb hall is also a member of our committee as well. And when she left the select board she's began chairing the regional broadband task force, I think for any community to be competitive in the future. And even today, you have to have high-speed broadband available to everyone. And, and I think the future of work is sort of twofold. It's going to be mostly online. So that's the, where our kids are. They don't know any different. My children are that way. they are just digital natives, right? And so to not have the internet for them will be next to impossible. The other side of it is we still need trades and we still need people doing physical labor, but they can organize themselves via the internet. And that's really important as well, and more and more of the backend office things that they do will be cloud-based. So, the internet really is the key to everything.

We're going to take a question from Sam online. You ready to speak? Can you hear me?

Oh, great. Hi David. This is Samantha I'm zooming in from home and it doesn't look like you guys can see me, but welcome. I was so thrilled to hear your talk. I am a fellow Midwesterner moved from Los Angeles by way of New York to Camden Maine. So I can relate to some of your backstory. And I can't you tell you how many times I've said to folks around here when they're not even interested in talking about it. "Oh, the climate migration is coming here and we absolutely need to be thinking about infrastructure and how to welcome them in a healthy way. This will likely change over the decades. If, so I love hearing that you're doing this work because I'm doing nothing but just thinking about it. And what I'm curious about is the mini small towns issue. Does Camden have a similar committee? Is there a regional committee talking about these things or is Rockport just totally blazing the trails on this issue?

I can see the thumbs up in the screen. So, uh, okay, great. So I don't know what Camden has. We're kind of still in an exploratory phase of determining what we want to focus on in Rockport. I think one of our next steps is really to decide how do we liaison with other towns. This did come up during the monies that were sent from the federal government and dispersed to the counties here in, in, in Maine.

I think it was apparent during that just how little the county gets involved. And they weren't really prepared to know what to do with some of those funds because we don't have anything at the county level. And I think that is an area that we can work on how I don't know, but collectively, I think that's

where a lot of this needs to happen. And so there really needs to be some sort of a regional, economic development committee or some sort of task force.

Thank you so much for your time, much appreciated I'm from Los Angeles for a long time. So I understand your enjoyment of being here, but I wanted to ask you as someone who's new to the area, what do you value most about living in the coast?

You know, there's a lot of things. The past it's interesting, the last two and a half months, the world sort of turned back on, at least in my world. And so I've been traveling a lot for work again and on the road and back in big cities after really not leaving the state for 18 months, which was a first for me. I'll tell you, one of the things I value the most is returning back to Maine. It's like a giant breath of fresh air driving up from the airport in Portland. And, you know, you immediately sort of relaxed. It's just, life is just a lot easier this way. The thing I value is just the sense of community, the sense of a small town. Personally, I mean, this kind of gets outside of my economic development role, but I have a hypothesis and a theory that to be resilient in the future and the chase in the face of climate change, one of the things that we will really need to do and we can do is basically repopulate real America, Maine being a very rural state.

We have hundreds and hundreds and thousands of small towns that sort of, have been left to nothing and we have a real opportunity to repopulate those towns. And so Maine, I think has a real opportunity to do that. If we spread people out, this idea of sort of decentralizing, where we live as well as our economy will just make us that much more resilient. And so one of the things I value about Maine, it's just that local hard work ethic. The crafts / trades that are here I think are huge. Sustainable farming models that were developed here. Eliot Coleman, and what he's done and a lot of the other small-scale farming, I think is the way of the future. And so, you know, Maine has a lot of things that we can tap into to teach the rest of the country sort of how to do things and that's one of the reasons we chose Maine, because those opportunities are already here.

Thank you, This Ruben Brown. Since you were speaking, the Senate passed the infrastructure bill, and that may affect what you're going to do in the long time. How do you view a local economic development or taking into consideration national and even state policy and reflecting on it and what to do?

I think there's only so much that a local committee can do, but I think if those ideas that are done at the local level can sort of snowball and we can have some sort of power maybe regionally, that will help us tap into what the state's doing or what the nation doing. Part of that bill you mentioned, I am not up to speed on. What's in the final bill? I know part of that was potentially expanding the Amtrak line to Rockland, right? That would be huge for this area. I mean, we have a lot in this region, we have a lot of the raw pieces of what we could put together to create a real regional economic powerhouse. The question is whether or not we want that or not. Here we have an airport that may or may not be able to be expanded. We have the potential for expanding a train line. We have two larger cities, we have a great fisheries and agriculture. We have a great farming base. And with work from home, the whole idea of economy is changing and the way work can be done, and we can create whole new economies around that. I think the more we can get funds into our areas to promote that kind of growth, that if it's resilient and it benefits everyone, I think that's really important. I think that's a big part of how I look at Rockport personally, is that it's not just about supporting what's immediately at the coast, but that we need to support all areas of town, and we can do that and provide infrastructure to do that better. I think internet is a big part of that so that areas in west Rockport have the same level of internet as we have in the village. Right.