

# Economic Development 9

## 1. Introduction

In 2001 an economic growth strategy was prepared for the Town of Gray<sup>1</sup>. The strategy examined the economic development capacity of the town, as well as various types of existing retail, commercial and industrial development activities. Based on this analysis a specific strategy and detailed recommendations for improving economic development opportunities in Gray were identified.

The study also noted that Gray is at an economic crossroads. Its location, between the Portland and Lewiston metropolitan areas at the confluence of a number of state highways, literally puts Gray at the economic crossroads of south-central Maine. At the same time, the town is at a crossroads with respect to its community and economic development policies.

This chapter represents a summary of the *Economic Growth Strategy for Gray*. More detailed economic data and conclusions are contained in this publication which is included, by reference, as part of this comprehensive plan. **Specific recommendations relating to economic development activities for Gray are outlined in Chapter 2 (Implementation Strategy).**

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<sup>1</sup>Community Economic Growth Strategy for the Town of Gray, Maine prepared for The Gray Community Economic Development Committee by Planning Decisions, Inc. (July 2001).

## 2. Summary of Major Findings and Conclusions

- Gray needs a clear, consistent direction with respect to economic development that is supported by municipal officials, community and business organizations and residents of the community.
- The town needs to improve the flow of traffic in and through Gray Village.
- Gray must provide the infrastructure needed to support economic development, including an improved water supply and an expanded supply of land suitable for development.
- The community must market Gray as a good place to live, work and do business.
- The town must assure that economic growth is a positive addition to the community, that new businesses are of a high quality and that the town's business districts are attractive and inviting to both businesses and customers. This will require revising the zoning ordinance to establish higher standards for new commercial development, as well as making Gray Village more pedestrian friendly and visually attractive.

## 3. Economic Development Capacity

A community's economy is partially based on the collection of infrastructure and services that are required to support economic growth and development. Key findings in the *Gray Economic Growth Strategy*, which are also discussed in previous chapters of this comprehensive plan, included the following:

- Sewers - Gray currently has no public sewer system. The lack of a sewer system affects both the type and size of businesses that could be attracted to Gray. Businesses that aren't interested in a sewer system tend to have a lower volume of effluents or cleaner effluents. In addition, the location of these businesses will likely be more haphazard. This is not to say that Gray won't attract businesses, rather that it will be more difficult for Gray to attract a cluster of larger production-oriented businesses.
- Water - Gray does have a public water system that is sufficient for today's demands. However, there are limits to its expansion. High elevations could make expansion prohibitively expensive. The amount and rate of supply also limits possible expansion of the system. The system can safely supply 300 gallons per minute and current use is approximately 200 gallons per minute. If a user or group of users come on-line that demand a significant amount of water, the Water District would have to increase its capacity at a very large expense. The Gray Water District currently is exploring the possible development of a new well to serve the system.

- **Transportation** - The ability to ‘get there from here’ is an important component of any economic development portfolio. Gray Village is the node for no fewer than six transportation corridors that move traffic of all sizes in all directions. It is easy to get to Portland, Lewiston-Auburn, and points beyond on the Maine Turnpike. It is also easy to get to North Windham, Yarmouth, and other communities on local roads. Gray is at the crossroads of the region. While safety and congestion are issues in Gray Village, the proposed Route 26 bypass should ease some congestion concerns. Gray, however, has a strong transportation resource in its economic development portfolio.
- **Three Phase Electrical Power** - This method of distributing AC power, in a range of 2 to 5 kilowatts or greater, has grown in popularity. This form of electrical service is more efficient especially when large amounts of power is required for equipment, such as mainframe computers, and various types of manufacturing processes. Currently access to three phase power in Gray is available along the entire Route 100 corridor from Cumberland to New Gloucester and along portions of Routes 26 and 115. Gray’s access to three phase power is competitive with other towns in the region.
- **Telecommunications** - Access to a high-speed and reliable telecommunications system is key to the success of numerous businesses. Gray’s telecommunications access is competitive with any other community in southern Maine and superior to many. Time Warner Cable offers high speed cable access to the Internet throughout Gray. Pine Tree Telephone offers Direct Service Line (DSL) service within three miles of Gray Village, an option which offers higher speeds than typical modems without cable’s higher expenses. These and other technologies allow Gray to be competitive with almost any other community in Maine and New England.
- **Land Availability** - In addition to the infrastructure necessary to attract economic development, there needs to be land on which development can occur. As discussed in Chapter 4 (Existing Land Use) the Town of Gray has a relatively small amount of commercially and industrially zoned land.
- **Education** - A well-educated work force is a key asset in promoting economic development. Currently businesses in Gray have access to a quality local school system, that continues to improve, and various regional technical and higher education resources.
- **Institutional Support** - Organizations and institutions that provide financing, information assistance and training resources are a critical and often overlooked component of economic development. Gray’s level of institutional support is better than some towns and worse than others. The training resources that are readily available in Gray are very good, as is the technical information assistance offered through Maine’s various business advocacy groups. For the most part, these are regional resources to which all of Gray’s neighbors have access.

Gray has also been willing to use Tax Increment Financing (TIFs) in the past to help finance business development. However, many of the larger neighboring communities have economic development offices and can put more resources into business assistance and recruitment than Gray.

#### 4. Retail and Service Sectors

The retail and service sectors are key components of Gray's economy. Based on a space utilization study it was determined that these types of uses in Gary contain approximately 399,000 square feet of space in various types of uses (see Table 9-1).

	<b>Square Footage</b>	<b>Percent of Total</b>
Retail	220,000	55%
Service	100,000	25%
Office	45,000	11%
FIRE	34,000	9%
<b>Total</b>	<b>399,000</b>	<b>100%</b>

Source: Planning Decisions, Inc.  
Note FIRE - Finance, Insurance and Real Estate

While the economic activities of various types of businesses differs, the primary economic role of the retail and service businesses in Gray is as a convenience retail and service center meeting the day-to-day needs of residents of the immediate area, people who work in Gray, and people passing through the community. For example, approximately 37% of total retail space (75,000 square feet) is devoted to the sale of convenience goods. In addition, a significant portion of restaurant and food/beverage establishments are devoted to the convenience market (57,000 square feet).

Another key factor in understanding the retail and service market involves the identification of a commercial center's primary trade area (PTA). The PTA, which is defined as the contiguous area from which 70% to 80% of the customers originate, represents the population that travels to the retail center regularly and frequently for goods and services. Beyond the PTA there is usually a secondary market that represents 5% to 10% of the center's customers. The population of the secondary market is typically less reliant on the center for goods and services and may utilize the center for only specific goods and services.

Based on an analysis conducted for the *Gray Economic Growth Strategy*, the PTA for Gray Village was identified as the Towns of Gray and New Gloucester. Two secondary markets were also identified that included parts of Raymond and Poland to the north and North Yarmouth to the east.

A survey of customers at various business locations, as well as an evaluation of different social and economic indicators associated with residents of the primary and secondary trade areas, was then used to identify the following key issues related to possible retail and service sector growth.

- **Future of the Convenience Center Role**

The Gray trade area is quite small. To date, its somewhat isolated geographic location has allowed retail and service businesses to capture a reasonable share of the market. As competition increases in North Windham, West Falmouth and in other locations, Gray will need to continue to capture an adequate share of the market to support the existing base of businesses. This will require that businesses remain highly competitive and that Gray be a convenient and attractive place to shop.

- **Expansion of Comparison and Specialty Goods Retailing**

The sales of comparison and specialty goods is relatively limited in Gray. The limited size of the trade area makes it unlikely that traditional merchants will locate in Gray. At the same time, the regional access created by the Turnpike creates some limited opportunities for attracting comparison or specialty retailers who draw on a regional or larger market and who function essentially as destination businesses.

- **Traffic Congestion**

Traffic congestion in Gray Village is viewed as a significant impediment to economic growth. Customers see congestion as an impediment to shopping in the Village while businesses also express concern about the traffic situation. Additional business development east of the Turnpike will be potentially limited until improvements in the traffic situation are made.

- **Aquifer Protection**

The aquifer that serves as the Water District's supply extends under Gray Village. To protect the quality of this source, the town has enacted aquifer protection regulations that essentially preclude any significant business development in Gray Village.

- **Visual Attractiveness**

While the previous comprehensive plan and other town documents talk about preserving the New England character of Gray Village, the existing visual character is not particularly appealing. Similarly, the main roads into the community do not present an appealing “first impression” of the community. Retaining consumer spending in Gray may be enhanced by making the shopping environment more appealing.

- **Pedestrian Orientation of the Village**

Gray Village has essentially been transformed from an historical village center into an automobile oriented shopping area. Most of the recent construction in the Village has been designed to accommodate vehicles not pedestrians. The scale and layout of the Village Center still makes a more pedestrian oriented pattern possible, but this would need to become a major focus of the community’s future planning efforts.

## **5. Commercial and Industrial Sectors**

While Gray lacks a concentration of commercial and industrial uses, the *Gray Economic Growth Strategy* identified almost 300,000 square feet of occupied industrial-type space in the community including manufacturing, warehousing and distribution, and contractors. In addition the inventory noted that there is almost 45,000 square feet of office space, some of which is occupied by businesses that do not serve the local economy. This section briefly examines several key issues relating to increasing commercial and industrial growth in Gray.

### **A. Potential Development Areas**

Based on the location of existing commercial and industrial business, as well as other factors, the *Economic Growth Strategy* identified three areas in Gray that offer potential for commercial/industrial development: the Portland Road corridor south of the flats; Route 100 north of Gray Village; and Route 115 west of the Turnpike. Outlined below are short evaluations of each area.

- **Outer Portland Road** - This area has fairly good access to the Turnpike and soils along the corridor are generally suitable for on-site sewage disposal. Although public water is not available, aquifer protection is not a key issue. Only a portion of the corridor is zoned commercial and certain type of uses (contractors, manufacturing or wholesale/distribution) are not permitted. This area appears to have a reasonable amount of potential for non-residential land uses that do not require a high value location. This will likely require changes in existing zoning, with suitable limitations, to allow for more of a commercial/industrial mix in this area by allowing offices, warehousing/distribution, contractors, light manufacturing, and similar types of uses. To improve traffic safety and

the character of this area, the town should also consider additional access limitations and some basic site design provisions for new non-residential development.

- Route 100 North - This area has good to fair roadway access, although you have to travel through the Village to reach the Turnpike, and soils along the corridor are generally suitable for on-site sewage disposal. There are, however, scattered wetlands and hydric soils within the corridor. Only a small portion of this area is served by public water and most of the corridor is adjacent or located within the aquifer. It is felt that this location would be appropriate for the types of land uses recommended for the Outer Portland Road corridor. This would require a change in zoning in order to permit small business offices, contractors and automotive services. In addition, access limitations and some basic site design provisions should also be adopted in order to maintain traffic capacity and the visual quality of the area.
- Route 115 Fringe West of the Turnpike - The future construction of the “Village By-Pass” from Exit 11 of the Maine Turnpike to Route 26 (the Shaker Road) on the west side of the Turnpike creates a significant economic development opportunity that should be considered. The town should explore designating a large area in the McConkey Road/Nothbrook area as a future “Economic Development District” to accommodate economic growth in the community for the long term future. The objective of this designation would be to allow property owners to continue to utilize their property for current uses, including agriculture, but assure that this area is “reserved” for future non-residential development as market demand and property owner interest warrants. Although the area is served by a water main, along West Gray Road, soil conditions vary with some large wet areas that are not suitable for on-site disposal. Generally the area is not located in the Aquifer protection district, but portions of the site, north along the Turnpike and Route 26, are located in the aquifer.

## **B. Competitive Environment**

The regional environment for attracting commercial/industrial development is highly competitive. The primary competitors of Gray for quality commercial/industrial development are Windham, Lewiston-Auburn, Freeport, the redevelopment of the Pineland Center and, to a lesser extent, the communities on the northern fringe of Portland including Falmouth, Yarmouth, and Cumberland. Based on this analysis specific competitive strengths and weaknesses for Gray relative to economic growth in the commercial/industrial sectors are outlined below.

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Good highway access</li> <li>• High quality communications infrastructure including Internet access and telephone service</li> <li>• Affordable tax rate</li> <li>• Lower land costs</li> <li>• Less expensive labor supply</li> <li>• Lower cost of doing business</li> <li>• Availability of financing through use of TIF's</li> <li>• No crime</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of public sewerage</li> <li>• Limited water volumes/pressure</li> <li>• Limited non-residentially zoned land</li> <li>• Lack of business support services - hotel, restaurant, business services</li> <li>• Outdated zoning regulations</li> <li>• Poor image as a result of publicity</li> <li>• Lack of housing</li> <li>• Competition from the redevelopment of Pineland</li> </ul>

**C. Key Issues and Implication**

The analysis of the commercial and industrial sectors identified key issues that need to be addressed in order to promote new economic growth and development in Gray.

**1. Sewer Availability**

The lack of a public sewer system puts Gray at a competitive disadvantage with respect to attracting certain types of commercial/industrial uses. Since it is unlikely that the town will be able to develop a sewer system in the foreseeable future, efforts at promoting economic growth will need to focus on uses that can operate using on-site sewage disposal.

**2. Public Water Supply**

The Gray Water District has limited supply capacity and its distribution system results in areas that have limited flows and/or pressure. Assuring that there is adequate water supply for both domestic and fire protection needs is a key issue that needs to be addressed. This may require the establishment of a closer working relationship between the town and the District both in planning for and financing water system improvements to support economic growth.

**3. Land Availability**

While the community has some vacant land suitable for commercial and industrial development, there is a limited supply of “improved” land where utilities are available and the land has been divided into lots. Having a choice of sites is a key factor in attracting business to the community.

#### 4. Community Capacity

Although the town has established some capacity to promote the community and to work with potential growing businesses, the level of service it can provide is less than that found in a number of competing communities. To the extent that it is a buyers' market with a number of potential locations available to a business considering expanding or locating in Gray, the town needs to be prepared to present a competitive position.

### 6. Economic Growth Strategy

The recommendations identified in the *Gray Economic Growth Strategy* is intended to guide implementation activities for the Town of Gray and the community's economic development organizations over the next several years so that sound economic expansion occurs in a manner that maintains and enhances the quality of life in the community. The growth strategy covers three broad areas, general economic development, the retail and service sectors, and the industrial and commercial sectors. Within each area, the strategy establishes objectives for economic improvement. **Specific activities for accomplishing these objectives are outlined in the Implementation Strategy (Chapter 2).**

#### A. General Economic Development

This section of the strategy deals with the broad area of capacity to accommodate growth, undertake economic development activities and function competitively in the regional economy.

##### **Objective#1 - Enhance the Capacity of the Gray Community to Play an Active Role in Promoting Sound, Sustainable Economic Development**

*The town has a limited commitment and modest capacity to promote economic growth at a time when it is literally ringed by communities with active, aggressive economic development programs. Competing favorable for economic growth in the future will require that the community become more committed and skilled in this area if it desires to continue to attract sound economic growth.*

##### **Objective #2 - Increase the Awareness and Consideration of Gray as a Business Location**

*Gray's location between the Greater Portland and Lewiston-Auburn metropolitan areas can be a strength, but it also allows it to be overlooked in the business location and site search process. This situation will become more acute with the development of the Pineland Center into an employment complex and enhanced economic development efforts in Windham.*

**Objective #3 - Improve Traffic Flow Through Gray Village**

*Traffic congestion within Gray Village is perceived as a major obstacle to economic growth and the quality of life of the community. Customers of retail and service businesses may avoid using local businesses at certain times, while businesses see this as a significant negative factor in business locational decisions.*

**Objective #4 - Improve the Image of Gray as a Desirable Community in Which to Locate a Business**

*The image of a community is greatly influenced by its physical appearance. It influences how businesses view the community as a business location and affects the willingness of customers to shop in town. The existing entryways to the community from the Maine Turnpike and along Routes 100 and 115 are not particularly attractive nor appealing. Gray Corners similarly presents a mixed image of Gray.*

**Objective #5 - Improve the Ability of the Gray Water District to Support Economic Growth**

*The availability of adequate public water for both domestic and fire protection purposes is essential for sound, economic growth.*

**B. The Retail and Service Sectors**

This section of the strategy deals with the retail and service sectors and Gray's role as a retail and service center.

**Objective #6 - Retain and Expand the Range of Convenience Goods and Services Available in Gray**

*Gray functions as a local convenience center providing residents of the local trade area with goods and services to meet their day-to-day needs. Many of Gray's retail and service businesses support this role. However, the regional retail environment is constantly changing as new competition develops.*

**Objective #7 - Increase the Share of Convenience Spending Done in Gray by Residents of the Local Trade Area**

*Many Gray businesses, especially those offering convenience goods and services, draw most of their customers from a small, local trade area. However, these consumers do a significant share of the spending on convenience goods and services outside of Gray in other retail centers. The*

*long term health of the community's retail and service sectors is dependent on continuing to capture a significant share of convenience spending in Gray.*

**Objective #8 - Expand the Range of Comparison or Specialty Goods Available in Gray**

*There is a limited number of businesses located in Gray that offer comparison or specialty goods. Many that do are niche businesses that offer specialty products that are purchased by consumers from a broad area. Gray's location adjacent to the Turnpike combined with lower space costs make it appropriate for some niche, retail businesses.*

**C. The Industrial and Commercial Sectors**

This section of the strategy deals with the industrial and commercial sectors and Gray's role as an employment and business center.

**Objective #9 - Increase the Supply of Well Located and Serviced Land to Accommodate Office, Manufacturing Distribution, and Similar Uses**

*Rezoning over the last decade has reduced the supply of vacant, developable land available to accommodate economic growth. The town's major assets for these uses are the Turnpike and the resulting access to a large, diverse labor supply. Therefore, being able to accommodate development near Exit 11 is important.*

**Objective #10 - Increase the Number of Industrial/Commercial Businesses in Gray**

*Gray's location with respect to Exit 11 of the Maine Turnpike creates a suitable location for some types of industrial and commercial businesses.*