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# **10 Reasons Why Maine's Homegrown Economy Matters** *and 50 Proven Ways to Revive It*

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# Overview

## 10 Reasons Why Maine's Homegrown Economy Matters

### 1. Job and Wages

Locally owned businesses create more jobs locally and often provide better wages and benefits than chains do. (p. 3)

### 2. Keeping Dollars in the Local Economy

Compared to chain stores, locally owned businesses recycle a much larger share of their revenue back into the local economy, supporting a broad range of local jobs and enriching the whole community. (p. 5)

### 3. Entrepreneurship

Entrepreneurship fuels America's economic innovation and prosperity, and serves as a key means for families to move out of low-wage jobs and into the middle class. (p. 5)

### 4. Tax Benefits and Costs

Local stores in town centers require comparatively little infrastructure and make much more efficient use of public services compared to big box stores and strip shopping malls. (p. 6)

### 5. Local Character and Prosperity

In an increasingly homogenized world, communities that preserve their one-of-a-kind businesses and distinctive character have an economic advantage. (p. 7)

### 6. Community Well-Being

Locally owned businesses build strong communities by sustaining vibrant town centers, linking neighbors in a web of economic and social relationships, and contributing to local causes. (p. 7)

### 7. Local Decision-Making

Local ownership ensures that important decisions are made locally by people who live in the community and who will feel the impacts of those decisions. (p. 8)

### 8. Environmental Sustainability

Local stores help to sustain vibrant, compact, walkable town centers—which in turn are essential to reducing sprawl, automobile use, habitat loss, and air and water pollution. (p. 8)

### 9. Competition

A marketplace of tens of thousands of small businesses is the best way to ensure innovation and low prices over the long-term. (p. 9)

### 10. Product Diversity

A multitude of small businesses, each selecting goods based on the interests and needs of local customers, guarantees a much wider range of product choices. (p. 9)

# 50 Proven Ways to Revive Maine's Homegrown Economy

The following provides an overview of the fifty strategies described in this report, organized under each of the report's three main sections. Turn to the page number indicated for more details.

## *Planning for a Homegrown Economy*

### **1. Target tax incentives to local stores.**

Bar the use of tax breaks and other subsidies for "big box" stores and sprawling shopping centers. Limit incentives to locally owned businesses locating in town centers. (p. 11)

### **2. Avoid zoning too much land for retail.**

Most communities have far more land, particularly along major roadways, zoned for retail than they need or can support. This can lead to haphazard commercial sprawl and drain downtown vitality. (p. 11)

### **3. Provide public services only in designated business districts.**

Establish a defined geographic area within which water, sewer, and other municipal services will be provided in order to maintain the vitality of the downtown and prevent retail growth along outlying roadways. (p. 11)

### **4. Incorporate support for local businesses into the master plan.**

Communities, such as Kent County, Maryland, have listed supporting locally owned businesses, limiting the proliferation of national chains, and maintaining a vibrant downtown as goals in their comprehensive plans. (p. 12)

### **5. Temporarily halt retail development.**

Avoid being caught off guard by an out-of-the-blue proposal for a large-scale shopping center. Easton, Maryland, placed a 3-month moratorium on retail development and used the time to study the impacts of big box stores and revise its planning policies accordingly. (p. 13)

### **6. Funnel new retail growth downtown.**

St. Petersburg, Florida; Hailey, Idaho; and San Luis Obispo, California; are among the cities that require developers to infill downtown vacancies and open lots before building on the outskirts of town. (p. 13)

### **7. Limit the size of retail stores.**

Dozens of cities and towns prohibit the construction of retail stores over a certain size. Some have banned only the biggest of the big boxes, while others, like Ashland, Oregon, have mandated even smaller stores. (p. 14)

### **8. Examine potential impacts before approving new retail stores.**

Retail proposals in some cities, such as Greenfield, Massachusetts, must undergo a comprehensive economic and community impact review before gaining approval. (p. 15)

### **9. Engage experts in relevant fields to review retail development proposals.**

Stoughton, Wisconsin, requires developers proposing retail projects larger than 40,000 square feet to undergo traffic, economic, and fiscal analyses conducted by independent experts selected by the city and paid through a fee assessed on the developer. (p. 15)



**10. Restrict 'formula' fast-food outlets.**

Bristol, Rhode Island and Bainbridge, Washington, limit the proliferation of formula restaurants within their borders. (p. 16)

**11. Minimize the number of cookie-cutter 'formula' retail stores allowed.**

Coronado, California, limits the number of formula restaurants and retail stores allowed in its commercial district to maintain an "appropriate balance" of small and large retailers. (p. 16)

**12. Establish community-serving commercial zones.**

Palm Beach, Florida, mandates that new retail stores must be geared towards meeting the needs of local residents, not tourists. (p. 17)

**13. Require that new development resemble traditional retail districts.**

Brunswick, Maine, insists that new commercial development resemble its traditional downtown by mandating two-story buildings, no set-backs, parking in the rear, glass storefronts, and frequent pedestrian entryways. (p. 17)

**14. Support sales tax fairness.**

More than thirty states, including Maine, are pushing for a federal policy change that would require internet and mail order retailers to collect sales taxes—putting them on an equal footing with local stores. (p. 18)

**15. Establish regional guidelines.**

Cape Cod's region wide planning commission reviews all proposals for retail construction larger than 10,000 square feet, "considers any negative impacts that the project would have

on the Cape Cod economy," and works to "encourage businesses that are locally owned and that employ Cape Cod residents." (p. 19)

**16. Partner with neighboring towns.**

Hood River, Oregon, has undertaken a city-county agreement that prevents big box retail developers from playing the jurisdictions against one another. (p. 20)

***Downtown Revitalization and Small Business Development***

**17. Take advantage of proven strategies.**

Hundreds of communities around the country have turned their dying downtowns into thriving centers with the help of the National Main Street Center. There's no need to reinvent the wheel; take advantage of the lessons they've learned. (p. 21)

**18. Reinforce the downtown's sense of place.**

Successful revitalization programs amplify the district's sense of place by building on its unique natural, historic, and cultural assets. (p. 22)

**19. Foster a mixture of uses in the downtown.**

Encouraging a variety of different types of activity and uses downtown ensures vibrant street life throughout the day and evening, and diversifies the district's economic base. (p. 22)

**20. Encourage pedestrians.**

Pedestrians are both a barometer and catalyst for downtown vitality. Relatively simple and inexpensive steps can make a town center more pedestrian friendly. (p. 22)

**21. Enlist help from the Maine Downtown Center.**

The Maine Downtown Center can help your community develop and implement an effective downtown revitalization plan. The Center offers technical assistance, training, and a variety of supporting resources. (p. 22)

**22. Reap the rewards of becoming a Main Street Maine community.**

The Maine Downtown Center provides extensive, multi-year training and technical assistance in downtown revitalization to a select number of designated Main Street Maine communities. (p. 23)

**23. Learn from Maine success stories.**

Gardiner and Bath are among several Maine communities that have developed successful downtown revitalization programs. Find out how they did it. (p. 24 & 27)

**24. Keep public buildings downtown.**

A growing number of communities recognize the economic and community value of keeping city buildings, post offices, schools, and libraries downtown. (p. 27)

**25. Give city contracts to local businesses.**

Many communities are using their purchasing power to boost the local economy. (p. 29)

**26. Protect affordable retail space.**

Communities are exploring several strategies to alleviate the problem of rapidly rising rents pushing local stores out of the market. (p. 29)

**27. Establish a commercial land trust.**

The Community Land Trust model, which has been very effective for affordable housing, could be used to keep commercial space affordable for independent businesses. (p. 30)

**28. Identify opportunities for local retailers.**

Conduct a market analysis to identify opportunities for new entrepreneurs and local businesses seeking to expand. (p. 30)

**29. Expand local merchants' skills.**

Offer training and technical assistance for local retailers in areas such as merchandising and inventory control. (p. 32)

**30. Establish a small business revolving loan fund.**

Some communities provide local businesses with matching grants and low-interest loans to fund storefront renovations and other improvements. (p. 32)

**31. Promote support of local stores and downtown shopping.**

Consider organizing a marketing campaign and event to encourage local shopping. (p. 32)

**32. Help with succession planning.**

Identify and connect local business owners nearing retirement with aspiring entrepreneurs in need of a good opportunities. (p. 32)

**33. Harness creativity and initiative to build new independent businesses.**

Employ creative strategies to build a new local business that meets community needs---not as simple as attracting a chain, but much more rewarding over the long-term. (p. 32).

**34. Establish a community-owned department store.**

Follow the example of half a dozen small towns by launching a community-owned department store to provide basic goods at affordable prices and an anchor for the downtown (p. 33).

## *Independent Businesses Unite*

### **35. Connect local retailers with national and regional purchasing cooperatives.**

Thousands of independent retailers—including grocers, hardware dealers, bicycle shops, lighting stores, and pharmacies—have formed purchasing groups to gain some of the economies of scale and clout with suppliers that chain retailers enjoy. (p. 35)

### **36. Establish local purchasing co-ops.**

Independent restaurants in Tucson, Arizona, have cut their food costs by 10-20 percent through a cooperative buying program. (p. 36)

### **37. Use humor to encourage dining at locally owned restaurants.**

In Kansas City, Missouri, independent restaurants are countering the rise of chain restaurants with humorous, tongue-and-cheek ads that poke fun at the chains and grab the attention of readers. (p. 37)

### **38. Get help forming an independent restaurant alliance.**

Contact the Council of Independent Restaurants of America for assistance forming a local restaurant alliance to cut costs and organize joint advertising campaigns. (p. 36)

### **39. Bring locally owned businesses together to solve common challenges.**

In many communities, locally owned businesses from different sectors (such as hardware stores, banks, and bakeries) are forming Independent Business Alliances (IBAs) to address common challenges and develop shared strategies. (p. 37)

### **40. Launch a public education campaign to encourage residents to support locally owned businesses.**

IBAs in several communities have developed effective educational initiatives and marketing campaigns that encourage residents to support locally owned businesses. (p. 38-42)

### **41. Pool resources for joint advertising.**

Several IBAs have helped member businesses pool funds to buy print, radio, and television ads, giving them a much broader reach than they could attain on their own. (p. 38-42)

### **42. Publish a local business directory.**

One way to counter the extensive advertising of national chain retailers is to publish a directory of local businesses. Sprinkle the directory with messages about the benefits of locally owned businesses. (p. 38-42)

### **43. Create a voice for independent businesses in public affairs.**

An IBA can provide a powerful voice for local businesses in government decision-making, as IBAs in Austin, Texas, and Santa Fe, New Mexico have done. (p. 43)

### **44. Tap into national expertise, resources, and technical assistance.**

The American Independent Business Alliance provides technical assistance, templates, and other resources to help independent business owners form IBAs and launch educational initiatives in their communities. (p. 38-42)

### **45. Celebrate Independents Week.**

Join in seven days of events designed to highlight independent businesses and their role in keeping entrepreneurialism alive, making our hometowns unique, and strengthening community. (p. 41)

**46. Join a network of sustainable, locally owned businesses.**

The Business Alliance for Local Living Economies is a national association of local business networks dedicated to buying and selling locally, operating sustainably, and strengthening their communities. (p. 43)

**47. Start a "local first" campaign.**

Start a "local first" campaign, complete with a how-to kit for merchants, to engage community support for locally owned businesses. (p. 43)

**48. Encourage local businesses to support one another.**

In the day-to-day grind of running their stores, many business owners overlook opportunities to support one another and keep dollars in the local economy. (p. 44)

**49. Provide discounts and rebates to customers who support local retailers.**

Joint loyalty cards, such as the Community Benefit Card, work at dozens of local stores and encourage local shopping by rewarding customers with discounts and rebates. (p. 45)

**50. Create a community-wide e-commerce web site for local retailers.**

Business owners could share the expense of creating and marketing an e-commerce site by developing a community-wide portal, where residents could shop at any local store. (p. 45)

# Introduction

One of the most significant but often overlooked aspects of what makes life in Maine special and sets the state apart from the rest of the country are our locally owned businesses. They give our cities and towns their unique character. They infuse our downtowns and neighborhoods with life and vitality. They contribute a great deal to the health and well-being our communities by providing leadership and financial support to civic and charitable organizations.

Perhaps most important, locally owned businesses are powerful economic engines for the state. Unlike national chains, they purchase many of their inputs—from inventory to banking and accounting services—from other Maine-based businesses. By keeping dollars flowing back into the state's economy, local businesses create more opportunities for entrepreneurship, more jobs, and more taxable income to support schools and public services.

***The current trends for Maine's locally owned businesses are sobering. But trends are not destiny.***

Despite their importance to our communities and economy, Maine's independent businesses have struggled in recent years. Thousands have closed as national chains have opened stores across the state and captured a growing share of the market. Many Maine towns are now flanked by the same big box stores and sprawling strip developments that blanket much of the rest of the country. And more may be on the way as national retailers look to replicate the level of market saturation that they have already achieved in other regions here in Maine. Indeed, developers have announced plans to construct two million square feet of new big box stores in the state over the coming year.<sup>1</sup>

The current trends for locally owned retail businesses are sobering. But trends are not destiny. More and more people are beginning to recognize the importance of independent businesses to the long-term health and prosperity of our communities. Hundreds of

## The National Picture

Nationally, the shift from local to chain retailers has been advancing at a staggering pace. During the 1990s, more than 11,000 independent pharmacies disappeared. Chain drugstores now account for more than half of all pharmacy sales.<sup>2</sup> Forty percent of independent bookstores closed. Barnes & Noble and Borders Books currently capture half of all bookstore sales.<sup>3</sup> Home Depot and Lowe's control nearly 45 percent of the hardware and building supply market.<sup>4</sup>

Clothing sales are dominated by chains like The Gap and Target. Five firms account for 42 percent of all grocery sales, up from 24 percent just six years ago.<sup>5</sup> More than 40 percent of restaurant spending is captured by the top 100 chains.<sup>6</sup> Most striking of all, a single firm, Wal-Mart, now captures nearly 10 percent of *all* U.S. retail spending. Wal-Mart is the largest grocer in the country, the largest music seller, the largest jeweler, the largest furniture dealer, and the largest toy seller.

cities and towns across the country are now moving to curb chain store sprawl and revive Main Street commerce. They are eliminating tax breaks and other advantages commonly provided to big box development and adopting new policies and strategies that strengthen locally owned businesses.

This report opens with an overview of research on the impacts of large chain stores and the benefits of locally owned businesses. It then outlines dozens of concrete strategies to rebuild the homegrown economy. These are organized into three sections. The first section describes planning and land use policies that limit sprawling chain store development and create an environment where locally owned businesses can thrive. The second section discusses downtown revitalization and small business development tools. The third looks

at ways independent businesses can join forces to gain economies of scale and educate the public about the benefits of supporting locally owned stores.

These three kinds of approaches work best if pursued simultaneously. Downtown revitalization programs have little chance of success if planning policies allow unlimited retail development on the outskirts of town. Likewise, strong planning policies that contain big box sprawl may not be enough to revive independent retail without a proactive small businesses development and downtown revitalization plan. Finally, active and engaged business owners and a lively educational campaign are key to winning public support for new policies and to shifting spending back to Maine's locally owned businesses.

# The Benefits of Locally Owned Businesses

Locally owned businesses are vital to health and well-being of Maine's cities and towns. They keep dollars circulating in the state's economy, generating more jobs and economic activity than national chains, and place much less of a burden on public services. They're essential to maintaining the vitality of downtowns, conserving open space, and building strong communities.

## *Job Creation*

Locally owned businesses create and support more jobs in the communities they serve than national chains. There are two categories of jobs to consider: direct jobs, those created by the stores themselves, and indirect jobs, those created at other local firms that produce goods and provide services for retail businesses.

In terms of direct employment, cities often court big box stores for the jobs they generate. But dozens of studies have found that these stores eliminate as many or more jobs than they create. This is because consumers have only so much purchasing power. Building new stores does not increase consumer spending—this happens only incrementally as population and incomes grow—but rather reappropriates the existing pie. As a result, the arrival of a big box store almost invariably causes sales to decline at existing businesses, some of which will downsize or close. Research has found that the resulting job losses typically equal or exceed the gains from the new superstore.

***As local stores close following the arrival of a superstore, the community generally loses as many jobs as it gains.***

Studies by Dr. Kenneth Stone, a professor at Iowa State University who has tracked Wal-Mart's impact on Iowa communities for more than a decade, have consistently concluded that big box development is a "zero-sum-game." That is, gains in sales at new stores are mirrored by an equal volume of sales losses at existing businesses. More than 7,600 small businesses have closed since Wal-Mart first entered into Iowa. Losses are felt not only in the community that hosts the superstore, but also in smaller towns nearby. Dr. Stone more recently began to study Home Depot and has likewise concluded that the company eliminates about as much economic activity as it creates.<sup>7</sup>

Other studies have reached similar conclusions. A study commissioned by the National Trust for Historic Preservation examined nine Iowa counties where Wal-Mart had located and found that 84 percent of the company's sales were captured from existing businesses within the same county. "None of the nine case studies was experiencing a high enough level of population and income growth to absorb the Wal-Mart store without losses to other businesses," the study found. There was no evidence that traffic at new big box stores brought more shoppers downtown. Instead, "there were clearly identified losses in downtown stores after Wal-Mart opened. General merchandise stores were most affected. Other types of stores that closed include: automotive stores, hardware stores, drug stores, apparel stores, and sporting goods stores."<sup>8</sup>

As local stores close following the arrival of a superstore, the community generally loses as much active retail space and as many jobs as it gains. An economic impact study of a proposed Wal-Mart store in Greenfield, Massachusetts, conducted by RKG Associates, for example, found that the store would cost existing merchants \$35 million in sales. Many of these businesses would close, leaving the community with 239,000 square feet of vacant retail space.<sup>9</sup>

Another study by economist Thomas Muller of a massive big box development—which was to include a Lowe's home improvement store, a Wal-Mart supercenter, another large department store, and four chain restaurants—in Leominster, Massachusetts, found that the shopping center's \$185 million in projected sales would be offset by \$176 million in sales losses at businesses within a 12-mile radius. The 869 jobs created by the new stores would be matched by an equal number of job losses at local stores.<sup>10</sup>

Sometimes the job losses actually exceed the job gains. A study of a proposed big box store in St. Albans, Vermont, concluded that 76 percent of the superstore's sales would be captured from existing businesses within the county. As these businesses downsized and closed over a ten year period, the county would experience a *net loss* of 167 retail jobs.<sup>11</sup>

Here in Maine, many cities assume that allowing the development of big box stores will enable them to become regional shopping destinations. Overall retail spending will rise as the big boxes draw consumers from neighboring towns. This expanding pie will not only insulate local businesses from sales

losses, but may even boost downtown spending as shoppers drawn to the big boxes also visit local stores. It's a compelling argument, but not rooted in fact. Data analysis by Leslie Bray of the consulting firm, Main Street Insights, has found that most of the Maine communities that gained Wal-Mart superstores in the early 1990s actually experienced a declining pull factor following the retailer's arrival. (A pull factor is a measure of a town's ability to draw in retail spending.) By the late 1990s, three-quarters of the towns with a population under 20,000 had a smaller pull factor than they had prior to Wal-Mart.<sup>12</sup>

In many cases, the jobs gained at the new big box stores pay less and offer fewer benefits than the jobs they replace at local stores. This is certainly true of the owner-manager "jobs" that disappear when small businesses close. According to many economists, the rapid

***Most of the Maine communities that gained Wal-Mart superstores in the early 1990s actually experienced a declining pull factor following the retailer's arrival.***

expansion of big box chains during the 1990s was the main reason why growth in retail wages over the decade lagged average wage growth by more than 20 percent. Large chains employ a variety of techniques to keep wages down, including high worker turnover rates and aggressive anti-union policies. Wal-Mart's labor tactics have been well-documented. The company has been cited for violating numerous labor laws and is currently facing lawsuits in three dozen states for falsifying employee timecards and failing to pay employees for all of the hours they worked.<sup>13</sup>

Taxpayers are picking up the tab for large retailers' low wages and lack of benefits. According to a report by the staff of the U.S. House of Representative's Committee on Education and the Workforce, each Wal-Mart



employee costs taxpayers \$2,100 per year in housing assistance, tax credits for the working poor, and healthcare programs for children of low-income families.<sup>14</sup> States too are facing a growing burden. More than 10,000 children of Wal-Mart workers are enrolled in Georgia's health insurance program, at an annual cost to taxpayers of \$6.6 million. Taxpayers are effectively subsidizing national retailers' labor costs—to the detriment of more responsible businesses that pay a living wage and provide health insurance.

### ***Keeping Dollars in the Local Economy***

The other category of jobs worth considering are those indirectly supported by local retail stores. Compared to chains, local retailers purchase a much larger share of the goods and services needed to run their stores from other local businesses. They bank with local banks. They advertise in local media. They stock goods produced by local manufacturers. They hire local accountants, printers, marketing firms, and so on. Chain stores, on the other hand, have little need for local goods and services. They instead drain resources from the local economy by transferring almost all of the dollars they take in back to corporate headquarters. As a result, communities composed primarily of locally owned businesses support a larger and broader range of jobs than those dominated by national chains.

Last year, the Institute for Local Self-Reliance and Friends of Midcoast Maine conducted a small study in the towns of Rockland, Camden, and Belfast. The study

collected detailed financial information from eight locally owned businesses, representing a range of goods and services with a combined total of \$6 million in annual sales. The study found that the local businesses recycle about 45 percent of their revenue back into the local economy (defined as Knox and Waldo counties) and spend another nine percent elsewhere in the state of Maine. This includes wages and benefits paid to local employees, goods and services purchased from other local businesses, taxes paid to local governments, and profits accrued to local owners. In contrast, only 14 percent of the revenue taken in by a typical big box store in the Midcoast region is re-spent within the Maine economy. The rest leaves the state.<sup>15</sup>

Every dollar spent at a locally owned business therefore creates more than three times as much local economic activity as a dollar spent at a chain. From an economic development standpoint, the implications are significant. Annual retail sales are projected to expand in Rockland, Camden, and Belfast by \$74 million over the next four years. If all of this growth were to be captured by new and expanding locally owned businesses, rather than national chains, it would mean an additional \$23 million in local economic activity. That amounts to hundreds of new jobs—the equivalent of attracting a major employer.

### ***Entrepreneurship***

The shift from locally owned stores to large chains has not only had a negative impact on the number and range of jobs available locally, but it has dramatically

***Every dollar spent at a locally owned business creates more than three times as much local economic activity as a dollar spent at a national chain.***

reduced opportunities for entrepreneurship. Until recently, small businesspeople were the backbone of the American economy and way of life. Entrepreneurship is a great equalizer: being able to start a business offers a means for low-income, minority, immigrant, and other disadvantaged families to fulfill their dreams and move out of low-wage jobs and into the middle class.

Entrepreneurs' hard work, investment, and creativity in turn fueled the nation's economic innovation and prosperity.

Today, however, few families run their own businesses and even fewer young people consider business ownership a viable occupation. Once a nation of shopkeepers, we are rapidly becoming a nation of clerks—with potentially devastating social and economic consequences.

### ***Tax Benefits and Costs***

By recycling dollars back into the Maine economy, locally owned businesses create more local economic activity and income, and

thus more tax revenue to support schools and other public functions. Moreover, because small businesses are typically situated in compact downtowns and traditional neighborhood commercial districts, they are extremely efficient users of public infrastructure and services—that is, they generate far more in property tax revenue than

they cost in terms of road maintenance, police and fire services, and so on.

Although big box retailers are often seen as a way to boost the

tax base, new research has found that these sprawling stores are very expensive in terms of public infrastructure and services. A study by the Vermont Forum on Sprawl noted, "In communities with downtown shopping areas *and* commercial strips, the tendency of businesses to migrate to the strips increased road maintenance and repair costs. Some communities are now providing services to two different commercial zones, with the strip development more costly to maintain because the roads are often longer, wider, and involve complex drainage and engineering issues."

## **Big Business and Community Welfare**

There have been surprisingly few empirical studies of the social and civic impacts of economic consolidation and the loss of locally owned businesses. One exception is a recent study, "Big Business and Community Welfare," by Dr. Thomas Lyson of Cornell University. He examined 225 counties nationwide, comparing those with economies dominated by a few large corporations to those with many small, local enterprises.

Lyson found that counties dominated by big businesses had greater income inequality, fewer owner-occupied homes, higher levels of worker disability, lower educational outcomes, and higher crime rates. Not only did the small business counties score higher on all of these socioeconomic measures, they had a larger independent middle class and higher rates of civic engagement, as measured by voter turnout and membership in community organizations.

A recent analysis conducted by Tischler & Associates of the impact of different kinds of land uses on municipal finances in Barnstable, Massachusetts, found that big box stores require nearly \$800 more in public services per 1,000 square feet than Main Street businesses. In fact, according to the study, big box stores actually cost the city more in public services each year than they generate in tax revenue. "This study shatters the common misperception that any sort of growth creates revenue," said Christopher Cullinan of Tischler & Associates. The two main factors behind the higher costs were greater expenditures for road maintenance (due to a much greater volume of car trips per 1,000 square feet) and greater demand for police services (compared to small businesses, big box stores generate a much larger volume of police calls for crimes like shoplifting and check fraud, as well as parking lot accidents).<sup>16</sup>

In addition to overlooking the higher cost of servicing big box development, cities also frequently fail to consider how downtown property values---and thus tax revenue---will be affected by the closure of local businesses and rising vacancy rates as economic activity in the town center decreases. In the National Trust for Historic Preservation study of the impact of big box development on Iowa communities cited above, the authors concluded, "Although the local tax base added about \$2 million with each Wal-Mart, the decline in retail stores following the opening had a depressing effect on property values in downtowns and on shopping strips, offsetting gains from the Wal-Mart property."

***Local economies composed primarily of many small, independent businesses are much less vulnerable to fluctuations in the global economy and decisions made in distant boardrooms.***

### ***Local Character and Long-Term Prosperity***

In an increasingly homogenized world, communities that have preserved their one-of-a-kind businesses and distinctive character have an economic edge. They have a strong sense of local identity. They are more interesting places to live and visit. And, according to a growing body of economic research, they are better able to attract new investment and entrepreneurs, and thus to create jobs and prosper over the long-term.

Local economies composed primarily of many small, independent businesses are also more diversified and stable. They are much less vulnerable to fluctuations in the global economy and decisions made in distant boardrooms. They are not overly dependent on a few large, absentee-owned companies, which might raise prices, demand a tax break, threaten to move to a nearby town, or, like Bradlees and Ames, fail altogether, leaving a gaping hole in the local economy.

### ***Community Well-Being***

Locally owned businesses build strong communities. They create a sense of place. They maintain the vitality of town centers. They strengthen the web of personal interactions essential to a healthy community. These important, but often happenstance, interactions with our neighbors are becoming less common as people spend more time alone in their cars traversing highways and strip mall parking lots for basic needs.

There's much to be said too for the civic value of doing business with our neighbors—people who greet us by name, send their kids to school with ours, and have a vested interest in the long-term well-being of the community. Local merchants often sponsor cultural events and take a leadership role in community organizations. Although we hear a lot about the charitable giving of big corporations, one study has found that small businesses actually give more than twice as much per employee to charitable causes as do large companies.<sup>17</sup>

Local ownership ensures that important business decisions affecting the well-being of the community—whether to carry produce from local farms, stock a controversial book, pay a living wage, protect environmental resources, or donate to a local charity—are made, not in distant boardrooms, but locally by people who live in the community and who will feel the impact of those decisions.

### ***Environmental Sustainability***

Small-scale, locally owned stores help to sustain vibrant, compact, walkable town centers—which in turn play an essential role in limiting sprawl and automobile use, and reducing related problems like habitat loss and air and water pollution.

As commerce shifts to large chain stores, more and more land is being consumed for retail uses. According to some estimates, the amount of retail space per capita in the U.S. has tripled in the last twenty years.<sup>18</sup> That's not even counting the acres of parking and miles of roads needed to access these stores.

Unlike centuries-old downtown buildings, these new developments may last only a few

years before being deemed obsolete as the chains move on to newer and bigger formats further out on the perimeter. Hundreds of older strip shopping centers and malls have gone dark in recent years. Even big box stores are closing as companies like Wal-Mart abandon their older stores to build even larger supercenters. Wal-Mart currently has more than 300 vacant stores nationwide, most less than a mile away from a new supercenter. Altogether, more than 500 million square feet of retail space in the U.S. now sits idle.<sup>19</sup>

The retail vacancy epidemic that now plagues much of the country is beginning to spread to Maine. In addition to numerous empty strip malls and vacant Bradlee's and Ames outlets, Wal-Mart plans to vacate two superstores in Waterville and Bangor in the coming months.

This inefficient use of land has significant environmental consequences, including loss of habitat and biological diversity, and mushrooming automobile use. A typical big box store requires 1,000 parking spaces and generates 10,000 car trips every day. Even smaller-scale chains, like Walgreen's and Blockbuster, tend to favor locations and store designs that foster driving and discourage walking and public transit. As a result, Maine residents log three times as many road miles for shopping and errands as they did a generation ago.

"From an environmental standpoint, parking lots rank among the most harmful land uses in any watershed," notes Tom Schueler of the Center for Watershed Protection. "No other kind of surface in a watershed. . . produces more runoff and delivers it faster [to a local waterway] than a parking lot," Schueler says. Parking lot runoff contains pollutants from cars and the atmosphere, and has been

***Maine residents log three times as many road miles for shopping as they did a generation ago.***

found by researchers to contain extremely high concentrations of phosphorous, nitrogen, trace metals, and hydrocarbons. Schueler contends the best way to minimize the water quality impacts of development is "to concentrate it in high density clusters or centers"—compact downtowns, rather than low-density sprawl.<sup>20</sup>

### ***Competition and Consumers***

The best way to ensure innovation, vigorous competition, low prices, and broad product selection over the long-term is a marketplace composed of tens of thousands of independent small businesses, each making decisions based on the needs and tastes of local customers.

Today, however, most categories of goods are controlled by two or three large retail companies. In some local markets, consumers have little or no choice about where to purchase certain kinds of goods. The growth of national chains has actually reduced, not increased, competition.

There are two main reasons to be alarmed by these trends. One is the price of goods. Although chains may come into a market sporting deep discounts, some evidence suggests that these low prices last only as long as the local competition. As Barnes & Noble and Borders Books have gained market share—the two companies account for about half of bookstore sales—they've sharply reduced the number of

books offered at a discount. Blockbuster's rental fees are higher in markets where it has a near monopoly.

A price survey by the Maine Department of Human Services found that prescription drug prices are significantly lower at locally owned pharmacies than at chains like Rite Aid and CVS. The survey also found that prescription prices at Wal-Mart stores around the state varied by more than 16 percent. Prices were lowest in areas where Wal-Mart is fairly new and still faces competition, and highest in those communities where the retailer has largely eliminated rivals.<sup>21</sup>

### ***Product Diversity***

The other major concern has to do with product diversity. At one time, a multitude of small businesses, each reflecting the preferences of their own customers, collectively ensured the availability of a wide range of goods and services. Today, a few buyers at major retail companies exert growing control over what goods are produced—a particularly disturbing trend in the context of books, music, and other forms of expression. The disappearance of local retailers, combined with the fact that large chains generally deal only with large manufacturers, has meant that small companies, no matter how innovative their products, are having an increasingly difficult time obtaining shelf space.

***The best way to ensure vigorous competition, low prices, and broad product selection over the long-term is a marketplace composed of tens of thousands of independent businesses.***



# Planning for a Homegrown Economy

There are three primary kinds of approaches communities are taking to rebuild their homegrown economies: adopting new planning policies, launching downtown revitalization and small business programs, and encouraging independent retailers to work together to solve common challenges and engage public support. This section describes planning and land use policies that cities are enacting to limit big box sprawl and support small-scale, community-based retail.

## *Leveling the Playing Field*

Many communities are examining existing policies to ensure that they are not favoring chains over local businesses by facilitating sprawling development patterns and undermining the viability of town centers. How policy decisions will impact local businesses should be a routine consideration for state and local officials. For example:

- *Public Subsidies* — State agencies and communities should ban the use of tax breaks and other subsidies to underwrite big box development. Subsidies for big box retailers are quite common both in Maine and nationally. These incentives produce no net gain in jobs and serve only to accelerate sprawl and to give national retailers an edge over Maine-based businesses. If public incentives are used at all for retail development, they should be limited to projects in downtowns and town centers.

- *Roads* — Cities should consider how road and highway construction or expansion

might affect local business districts or fuel commercial sprawl. Communities should avoid zoning large swaths of land next to new or expanded roadways for commercial retail. This can lead to a haphazard development pattern that fosters chain store proliferation and drain activity from town centers.

- *Municipal Services* — Some cities have established clearly defined geographic areas within which municipal services, such as water and sewer, are provided. Sewer lines placed along major roads in a linear fashion with no limit on the number of hookups will encourage retail sprawl. Developers may offer to pay for line extensions outside the service area boundaries, but this should not be allowed by the municipality.<sup>22</sup>

## *Planning Policies that Support Locally Owned Businesses*

One of the most important actions a community can take to ensure that its locally owned businesses continue to have an opportunity to compete and thrive is to revise its comprehensive plan and zoning code. Many Maine towns have land use policies that are out-dated and ill-equipped to deal with the challenges posed by big box and chain retail development.

It's common too for towns to have far more land zoned for commercial retail than the community actually needs or can support. Large swaths along every major road and highway are often zoned for retail, allowing chain stores to sprout up willy-nilly with little or no opportunity for citizens or local

officials to review, alter, or turn-down developments that will undermine the local economy. This "over-zoning" has much to do with the glut of retail space and the epidemic level of vacancy currently facing the U.S..

Over the last few years, hundreds of communities have revised their comprehensive plans and zoning rules to support small-scale, local businesses. Cities and towns have broad authority over land use, provided that their decisions reflect a commitment to protecting public welfare, rather than arbitrary or capricious treatment of a particular land owner or developer. The courts have consistently granted local governments considerable leeway to exercise this authority to defend the community's quality of life, natural resources, historic character, local economy, and downtown vitality.

Zoning makes many people uneasy due to concerns that government should not impinge on private property rights. But it's worth remembering that all residents have a stake in their community. Through work, homes, taxes, and a myriad of other ways, they have invested both personally and financially in the community's future. As stakeholders, they have a responsibility to protect existing assets and their quality of life, and to ensure that new development is compatible. Over time, sensible land use planning enhances property values and encourages investment by fostering stability and orderly growth.

The following are examples of the kinds of land use policies communities are adopting to curb chain stores and support local businesses. All of these policies have been upheld by the courts as valid uses of local

authority, and are permissible under Maine statutes governing municipal planning.

### ***The Comprehensive Plan: Envisioning a Strong Locally Owned Economy***

There are two primary pieces of local land use policy: the comprehensive plan, which is essentially a vision statement containing general guidelines for development, and the zoning code, which implements the plan through concrete rules governing land use. Maine state law requires most towns to adopt comprehensive plans and mandates that all local zoning rules must be consistent with the comprehensive plan.

Having a plan that clearly articulates a commitment to small businesses and downtown commerce yields several important benefits. Such a plan will serve as the policy

***Kent County, Maryland's comprehensive plan lists among its objectives "support [for] small, locally owned businesses" and "prevent[ti]on of] commercial sprawl outside the county's existing traditional commercial centers."***

foundation for drafting and enacting specific zoning regulations. It will provide clear guidance for local officials trying to decide whether to approve a particular project. It will also

protect the community from lawsuits; a decision to reject a particular development because it conflicts with goals outlined in a comprehensive plan demonstrates an adherence to established policy rather than arbitrary and unequal treatment of a particular developer.

A number of communities around the country have included in their comprehensive plans an intention to preserve and strengthen local businesses and to limit commercial development to the downtown or other existing retail districts.



▪ *Kent County, Maryland* — The comprehensive plan lists among its objectives "support [for] small, locally owned businesses" and "prevent[tion of] commercial sprawl outside the county's existing traditional commercial centers."

▪ *Skaneateles, New York* — The town's plan states, "Rather than establishing competing shopping centers in the Town to provide basic goods and services, the Village commercial center. . . should remain the center for shopping in the community."

▪ *Corvallis, Oregon* — The plan requires that the city work to "maintain a low

unemployment rate and promote diversification of the local economy" and "support existing businesses and industries and the establishment of locally owned, managed, or controlled small businesses."

### ***Steering Commerce Downtown***

A number of communities have adopted land use rules that steer new development to identified growth areas in or adjacent to the downtown or other established business districts. Instead of allowing scattered commercial development on the outskirts of town or sprawling shopping strips along major roads, only land in designated growth

## **Development Moratoria**

If your community's existing zoning policies are out-dated and inadequate with regard to big box and other chain retail development, consider adopting a temporary moratorium on commercial development.

Like most states, Maine allows towns to temporarily suspend new development while they evaluate and revise their planning policies. Under state law, moratoria must be used for planning purposes—such as conducting studies, revising the comprehensive plan, or drafting new zoning ordinances—and are limited to 180 days (180-day extensions are allowed if reasonable progress is being made towards addressing the issues that led to the moratorium).

The US Supreme Court has upheld development moratoria as valid uses of local authority. In 2002, in *Tahoe-Sierra Preservation Council v. Tahoe Regional Planning Agency*, the Court ruled that a development moratorium does not constitute a taking of property requiring compensation.

Many communities have suspended retail development while they investigate the impacts of large-scale stores and revise their zoning rules accordingly. In July 2000, Belfast adopted a 6-month moratorium on construction of retail stores larger than 25,000 square feet. The moratorium was prompted by a developer's interest in building a Wal-Mart superstore. According to Mayor Michael Hurley, the moratorium enabled the community to engage in "an incredibly valuable debate across kitchen tables, in coffee shops, [and] on the street corner." Residents ultimately voted to restrict the size of retail stores to no more than 75,000 square feet (about half the size of a typical Wal-Mart).

See Maine Statutes, Title 30-A, Chapter 187 § 4356. The National Trust for Historic Preservation ([www.nthp.org](http://www.nthp.org)) and the American Planning Association ([www.planning.org](http://www.planning.org)) have published guidelines for towns considering development moratoria.

areas is zoned for retail. This supports a more compact and contiguous pattern of development and thus a more efficient use of land and resources. It also ensures that new growth compliments existing businesses rather than shifting customer traffic and economic activity to a previously undeveloped area.

- *St. Petersburg, Florida* — The city's planning policy states, "The City has an adequate supply of commercial land-use to meet existing and future needs. Future expansion of commercial uses shall be restricted to infilling of existing commercial areas and activity centers except where a need can be clearly identified."

- *Hailey, Idaho* — The town's comprehensive plan states that the downtown "should be the primary commercial center of the community." The city's policy clearly delineates the downtown's geographic boundaries and calls for developing any vacancies in the downtown district prior to allowing commercial growth in other areas. In 1995, the Idaho Supreme Court upheld this policy, noting that "preserving. . . the economic viability of a community's downtown business core can be a proper zoning purpose."<sup>23</sup>

- *San Luis Obispo, California* — The city's planning policy includes a clearly delineated area designated for development. The plan allows the City Council to limit citywide growth in commercial space to no more than one percent annually, unless the development occurs in the downtown core.

### ***Ensuring Appropriate Scale***

Many cities and towns have enacted zoning rules that prohibit stores over a certain size. They have done so in part because they recognize that their economies can absorb only so much new retail without causing significant dislocations of existing businesses. Large-scale stores may also be out-of-scale with existing buildings and thus detract from the town's character. They can cause traffic congestion and unduly burden public roads and services.

Limiting the allowable size of retail stores will keep out some national retailers that refuse to build stores smaller than their standard formats; others will opt to construct stores more appropriately scaled for the community. What constitutes an appropriate upper limit for the size of retail stores depends on many factors, including the size of the town, the scale of its existing buildings, and its long-term goals with regard to retail development.

Some communities have banned only the biggest of the big boxes, while others have chosen a much lower threshold:

- *Damariscotta, Maine* — In 2006, voters endorsed a measure capping retail stores at 35,000 square feet.

- *Belfast, Maine* — In 2001, voters endorsed a referendum capping retail stores at 75,000 square feet.

- *Easton, Maryland* — After studying the issue for several months, city officials concluded, "Once a big box retail store exceeds 65,000 square feet, it is of such a scale that its negative impacts outweigh its positive ones."

Easton now limits stores to no more than 65,000 square feet.

- *Bozeman, Montana* — Bars stores over 75,000 square feet.
- *Ashland, Oregon* — Restricts stores to 45,000 square feet (about the size of a Borders Books superstore).

To prevent large-scale developments barred from a city from simply locating just beyond its borders on county land, in some places, cities and their surrounding counties have enacted identical size policies:

- *Hood River, Oregon* — In 2002, the city and county concurrently adopted rules limiting retail uses to 50,000 square feet.

### ***Assessing Community and Economic Impacts***

Cities and towns commonly make decisions about new retail development without sufficient, objective information on the potential costs and impacts. A new free-standing chain pharmacy on the edge of town, for example, might look like a good deal at first. The developer promises two dozen new jobs and has agreed to pay for needed infrastructure, including a new traffic signal.

But a more detailed investigation reveals that the local market cannot support both the new drugstore and two existing independent, downtown pharmacies. Given the chain's deep pockets and staying power, a likely scenario is that one of the local pharmacies will close,

eliminating jobs and tax revenue, and reducing spillover traffic for other downtown businesses. Moreover, the new pharmacy is likely to encourage additional auto-oriented development nearby. The on-going cost of maintaining the road network needed to serve this growth will be greater than the added property tax revenue. Once all of the facts are on the table, the development no longer seems like such a good idea.

To ensure adequate review of proposals for new retail development, many communities are adopting policies that require comprehensive economic impact reviews. To gain approval, the development must meet specific criteria outlined in the law. The criteria vary depending on the concerns and goals of each community.

- *Greenfield, Massachusetts* — The city requires that proposals for stores that exceed 20,000 square feet or are expected to generate more than 500 vehicle trips per day must undergo a comprehensive review and obtain a special permit. Approval hinges on demonstrating that the development will not create traffic congestion, lead to a net decline in employment or tax revenue, unduly burden public infrastructure and services, undermine the central businesses district, harm the environment, or detract from the character of the community.

***The city of Greenfield, Massachusetts, requires that proposals for stores that exceed 20,000 square feet must undergo a comprehensive economic and community impact assessment.***

- *Stoughton, Wisconsin* — A city ordinance requires proposals for stores over 40,000 square feet to undergo a traffic study and an economic and fiscal impact analysis. The studies are paid for by the developer and conducted by consultants selected by the city. The

economic and fiscal analysis must consider the store's impact on jobs, commercial vacancy rates both within the community and in nearby towns, public services costs, and short and long-term impacts on city tax revenue. The analysis must also: evaluate whether the development will create an over-supply of retail space in the city; estimate to what extent it would "reduce the diversity of the city's economic base by eliminating smaller businesses"; and "estimate the difference between how much of the revenue generated by the proposed project will be retained and re-directed back into the economy of the city. . . compared to other chain stores and locally-owned, independent retailers in the city."

- *Homer, Alaska* — A draft ordinance currently under consideration would require proposals for stores over 15,000 square feet to undergo a review and meet a variety of standards regarding the store's impact on employment, the downtown business district, local character, and surrounding towns. The analysis would also evaluate projected tax revenue, demand on city services, and the effect on nearby property values. The ordinance seeks to prevent the construction of more retail space than the town can support. It reads: "The applicant shall demonstrate that the project will contribute to the financial health of Homer's overall economy and that it will not precipitate the decline of existing retail business." To cover the cost of the review, developers pay a permit fee of \$300 per 1,000 square feet paid by the developer.

### ***Ensuring Diversity***

Global retail chains are no longer confined to shopping strips and big box "power centers" on the edge of town. Many, like The

Gap and Starbucks, are moving into town centers and urban neighborhoods. In some cases, these companies have helped to energize ailing commercial districts and have maintained a balance with locally owned businesses. But elsewhere, the pendulum has swung too far. Some commercial districts are losing their sense of place and local identity and becoming little more than outdoor malls. As Richard Moe, president of the National Trust for Historic Preservation, has said, "More and more. . . every place in America looks like every place else, and that means every place looks like no place."<sup>24</sup>

To prevent their commercial districts from being inundated by chains, about a dozen communities have enacted local land use rules that restrict the proliferation of "formula" business, which are defined as businesses required by contract to adopt standardized services, methods of operation, decor, uniforms, architecture or other features virtually identical to businesses elsewhere.

- *Bristol, Rhode Island*— Prohibits formula restaurants from locating in its historic town center.

- *Bainbridge, Washington* — Prohibits all formula restaurants town-wide.

- *Coronado, California* — Allows no more than ten formula restaurants in the city at one time and requires that formula retail stores obtain a special use permit before being allowed in. Approval hinges on demonstrating that the store will be compatible with the community. The ordinance notes that the "establishment of additional formula retail uses will unduly limit. . . opportunities for smaller or medium sized businesses, many of which tend to be non-traditional or unique, and unduly skew the mix of businesses

towards national retailers in lieu of local or regional retailers, thereby decreasing the . . . diversity of retail activity."

### ***Meeting Community Needs***

Communities that have become tourist destinations often have difficulty maintaining retail businesses that serve everyday needs. The local hardware store or grocery might be replaced by an upscale national brand or a chain coffee shop. For these towns, a community-serving requirement may be a worthwhile addition to the zoning code.

- *Palm Beach, Florida* — Residents of this island community converted their main commercial district into a "town-serving zone." Businesses must demonstrate to the City Council that at least 50 percent of their anticipated customer base will be "town persons: those living, or working in Palm Beach."

### ***Creating the Ideal Habitat for Local Ownership***

Most locally owned businesses prefer to locate in downtowns or in other compact, walkable shopping districts. These areas provide ideal habitat for growing locally owned businesses. Small storefronts can be leased for less than the cost of building a free-standing structure on the urban fringe. Belonging to a cluster of small shops creates significant synergies and benefits. Customer traffic generated by one business will benefit the others. This spillover traffic, combined with the visibility of a downtown location, can be especially helpful to a new business lacking the draw of a national brand or a large

advertising budget. Traditional commercial districts also provide "one-stop shopping," allowing residents to obtain many goods and services within a compact, walkable area.

Unfortunately, many cities and towns adopted zoning regulations in recent decades that prohibit developers from replicating the structure and density of traditional retail districts. The zoning code might, for example, require buildings to be setback from the sidewalk and have on-site parking. As growth occurs, new development, rather than resembling the existing business district, will be much more suburban and automobile-oriented in design.

Communities that want to revitalize and expand their downtowns in a manner that best supports locally owned businesses should review and revise their zoning code to ensure that regulations allow, encourage, or require:

- multiple-story buildings;
- a mixture of uses, such as second-story apartments or offices;
- small lot sizes;
- a high building-to-lot-size ratio (in traditional downtowns, buildings cover 60 to 80 percent of the total lot area, while current zoning in many communities sets upper limits of 15 to 50 percent, guaranteeing a spread-out land use pattern);
- maximum, not minimum, frontage and setback requirements (commercial zoning often mandates a minimum of 200 feet of street frontage and setbacks of 50 to 150 feet for the fronts and sides of buildings, while traditional commercial districts have narrow frontages and small or no setbacks);

- maximum, not minimum, parking requirements (zoning often requires an unnecessarily large number of spaces, which inhibits more compact development); and

- an accelerated permitting process for infill development to further encourage redevelopment of empty lots downtown.<sup>25</sup>

A growing number of New England communities are incorporating these provisions into their zoning codes:

- *Brunswick, Maine* — Development standards for the downtown district mandate that all new buildings and additions should about the front property line, be at least two stories high, and include at least 50 percent glass in the first-floor façade. Buildings may not have horizontal expanses of more than 40 feet without a pedestrian entry. Site plans must be pedestrian-friendly and parking lots must be located at the rear of buildings.

### Sales Tax Fairness

The US Supreme Court has ruled that states cannot compel out-of-state companies, including internet and mail order retailers, to collect state and local sales taxes. The Court concluded that requiring companies to comply with the various rules and rates governing the nation's 7,600 local tax jurisdictions would be too complex and would unduly burden interstate commerce. This policy effectively gives out-of-state companies, which contribute little to Maine's communities, a five percent price advantage over local stores.

It's also harming the state's finances. Untaxed internet sales cost the state an estimated \$43 million in lost revenue in 2001. As on-line shopping grows, annual losses are expected to reach \$178 million by 2011.<sup>26</sup>

A major multi-state endeavor, called the Streamlined Sales Tax Project (SSTP), is now underway to remedy this situation. The project aims to eliminate the burden of complying with multiple taxing jurisdictions by establishing uniform definitions and administrative procedures that all participating states will follow. Currently, for example, a marshmallow might be defined as

taxable candy in one jurisdiction, but as untaxable food in the next. Although the SSTP calls for states to harmonize the administrative aspects of sales tax collection, it preserves the authority of states to decide what types of goods (e.g., food, clothing, etc.) to tax and at what rate.

Maine is one of 38 states that have enacted legislation to participate in the SSTP. The participating states have reached an agreement on common tax definitions and procedures. Bills are now being presented in each state to bring the state's tax rules into compliance. So far, 21 states have passed the legislation. (A bill has been introduced in Maine, but, as of this writing, has not yet won approval.)

Once states adopt these uniform sales tax rules, the burden of collecting and remitting sales taxes for multiple jurisdictions will largely be eliminated. In its second phase, the SSTP will lobby Congress to level the playing field for internet and hometown stores by lifting the sales tax exemption that out-of-state companies currently enjoy.

For more, see [www.nga.org](http://www.nga.org).

## ***Regional Cooperation***

Big box stores and large shopping centers have economic, community, traffic, and environmental impacts that are felt far beyond the borders of the municipality in which they are located. Despite this, Maine communities currently have no planning process to weigh the regional costs and benefits of large-scale retail construction (or for that matter, any other development of regional impact, such as a casino or a liquid natural gas facility). Authority to approve or deny a development rests entirely with the host community. Neighboring towns are not represented in the process and any impacts they will experience, such as increased traffic congestion and higher road maintenance costs, are generally not considered.

The lack of a regional review process for large-scale development not only means that some costs are never taken into account, but it also leaves communities vulnerable to accepting a project they do not want out of fear that it will end up being built just across the border in an adjacent jurisdiction—producing many of the same negative impacts but without any of the tax revenue.

For these reasons, there is a pressing need for neighboring communities to work together to develop a shared vision for economic growth that will benefit the entire region, as well as joint policies for reviewing very large development proposals. Regional planning is challenging everywhere and, in Maine especially, it needs to be approached from the bottom up, rather than top-down. Solutions must be in keeping with the state's strong home rule tradition by giving local

communities some say over development proposals that will have regionwide impacts, while not overly restricting the authority of local governments. Several models might serve as starting points:

- *Cape Cod, Massachusetts* — In 1990, the residents of Cape Cod voted to create the Cape Cod Commission, a regional planning body composed of representatives of each of the Cape's fifteen towns. All large development proposals, including large retail stores, must gain approval from both the host town and the Cape Cod Commission. The commission's review process involves a public hearing and focuses on the project's impact on the environment, traffic, community character, and the regional economy. A Regional Policy Plan, updated every few years, provides the commission with guidelines and standards for reviewing and approving development applications. The current Plan states that the commission "should take into account any negative impacts that the project would have on the Cape Cod economy and should encourage businesses that are locally-owned and that employ Cape Cod residents." Over the years, the commission has rejected several large retail stores, including Home Depot, Wal-Mart, Sam's Club, and Costco, on the grounds that their regional costs outweighed their benefits. The commission also operates an economic development arm that focuses on strengthening the local economy and growing businesses that will benefit the entire region.

- *Vermont* — In 1970, Vermont adopted Act 250, which requires developments of regional impact to obtain a permit from one of

nine regional commissions. In most cases, retail development proposals require regional review when they encompass ten or more acres of land. Approval depends on meeting several conditions that focus on the project's environmental and fiscal impacts. Act 250 specifies that developments must not place unreasonable financial burdens on the ability of municipalities to provide education and other public services, must not exhaust a town's ability to accommodate growth, must be consistent with local land use policies, and must not harm historic sites. Act 250 discourages scattered development by requiring a project to be contiguous to existing settlements unless the tax revenue generated by the project exceeds the additional cost of providing public services to an outlying area. Under Act 250, a few big box applications have been denied after commission review

determined that the projected public costs would outweigh the tax benefits. In other cases, Act 250 has enabled communities to reduce negative impacts by negotiating with developers to build smaller, more centrally located, and better designed stores.

- *City-County Agreements* — Under a town-county agreement, whenever the town of Hood River, Oregon, adopts a land use ordinance, the surrounding county is obligated to consider the ordinance as well. So, when the town banned stores over 50,000 square feet two years ago, the county soon followed. The move prevents big box developers denied entry into the town from locating on undeveloped land just beyond the town's borders. The city of Flagstaff, Arizona, has likewise worked with Coconino County to craft shared policies on big box development.

### **Download Policy Examples at [www.NewRules.org](http://www.NewRules.org)**

Examples of all of the policies described here can be found on the New Rules Project web site at [www.newrules.org](http://www.newrules.org). The New Rules Project is a five-year-old program of the Minneapolis- and Washington, DC-based Institute for Local Self-Reliance. The goal of the Project is to research and promote policies

that build strong local economies and communities. The Project has identified numerous policies that can strengthen locally owned businesses, and is working with community groups to build support for and implement these policies in cities and towns nationwide.



# Downtown Revitalization and Small Business Development

Recognizing the long-term economic and social benefits of a strong, locally rooted economy, a growing number of communities no longer focus their economic development efforts on attracting large out-of-state firms. Instead they are finding ways to revitalize their downtowns, strengthen and expand homegrown businesses, and foster the creation of new local enterprises.

## *Downtown Revitalization*

A healthy downtown creates a rich growing medium for locally owned businesses. Over the last few decades, however, there has been very little public and private investment in most downtowns. Resources have instead been directed to commercial development on the fast-growing periphery. Many downtowns have fallen into a self-reinforcing cycle where disinvestment leads to vacancies, which leads to further disinvestment and more vacancies. Even popular, well-run businesses have difficulty surviving in such a climate.

In recent years, hundreds of cities and towns have reversed this cycle and implemented successful revitalization programs under the guidance of the National Main Street Center, a division of the National Trust for Historic Preservation. The Main Street Center helps communities devise revitalization strategies that build on their unique local assets, such as historic buildings,

locally owned businesses, and natural environment. Participating communities follow a four-pronged approach that focuses on 1) building the capacity of the local revitalization organization; 2) enhancing the commercial district's physical appearance; 3) strengthening its economic base through business recruitment and retention; and 4) promoting the downtown as a destination. The Main Street program ranks as one of the most effective economic development tools available and has been implemented in more than 1,700 towns and cities.

Downtown revitalization efforts are generally undertaken by a local nonprofit organization funded primarily by donations from residents and business owners, with some financial support from city government and foundations. To succeed, a downtown revitalization program must enlist broad

***Over time, a sustained program of incremental improvements gradually builds confidence in the downtown, encouraging first small, and then larger, private investments.***

public participation, as well as an active and involved city government. Reviving a town center is an incremental and cumulative process. A single promotional

event or one-time investment, no matter how large, rarely produces substantial and lasting change. What does work is a sustained program of incremental improvements. Over time, this approach gradually builds confidence in the downtown, encouraging first small, and then larger, private investments.

Downtown revitalization is not an alternative to strong land use planning. It's virtually impossible to increase economic activity downtown while pursuing significant

commercial growth on the outskirts of town. There are only so many consumer dollars to go around. Investments in downtown revitalization will produce at best only modest returns unless local planning and zoning policies support the downtown as the community's primary commercial center.

The following core strategies have been identified by research as essential components of successful revitalization programs:

- *Reinforce Downtown's Sense of Place* — Successful revitalization programs reinforce a community's sense of place by building on its unique assets—natural, historic, and cultural resources that set it apart from other places and shopping areas. This might involve establishing a waterfront park; facilitating the preservation and renovation of historic buildings and downtown storefronts; enhancing or creating a square or other public space; establishing design standards in keeping with the community's geography and history; or enhancing the role of an important cultural event or institution.

- *Foster a Mixture of Uses* — Successful revitalization programs pursue opportunities to diversify the range of uses in their town centers. Downtowns thrive when they are the center of both commerce and community life. The healthiest downtowns are places where residents can not only obtain a wide variety of goods and services, but can also live, work, take in a cultural event, stroll in the park, check out a book at the library, pick-up the mail, attend religious services, or go to a city council meeting. A mixture of uses ensures active street life throughout the day and evening, and helps diversify the

downtown's economic base. A local café, for example, can count on office workers at lunch time and downtown residents for dinner.

- *Encourage Pedestrians* — The level of pedestrian activity in a town center is a good indicator of its vitality. Pedestrians also tend to attract more pedestrians by improving the perception of the downtown. Successful revitalization programs work to make the town center more pedestrian friendly through such things as wider sidewalks, easier-to-cross streets, buffers between pedestrians and cars, and streetscape improvements like benches, trees, and signage and lighting designed for pedestrians instead of cars. Facilitating pedestrian use also means maintaining the historic densities of town centers, so that a variety of services are available within walking distance.

***Downtown revitalization is not an alternative to strong land use planning.***

### ***Maine Downtown Center***

The Maine Downtown Center provides a wealth of resources, including a comprehensive training and technical assistance program, to help communities develop downtown revitalization programs. The Center is part of the nonprofit Maine Development Foundation. It was founded in 2000 with initial funding provided by the Betterment Fund and the state of Maine. The Center is affiliated with and follows the four-pronged approach to downtown revitalization developed by the National Main Street Center. Its advisory board includes a diverse mix of business, community, and government leaders from across the state.

The Center has two primary functions. It serves a clearinghouse of information and

resources on downtown revitalization for all Maine communities. It also provides extensive, multi-year training and technical assistance to a select number of designated Main Street Maine communities. The Center selects Main Street Maine communities through a statewide competitive process. Communities are evaluated on such factors as whether they have developed a vision and preliminary work plan for revitalization; have secured adequate financial commitments to fund a downtown organization, including a paid director, for three years; have established a network of committed volunteers; and are likely to be successful.

In 2001, about a dozen towns applied for designation as Main Street Maine communities. The Center selected four: Bath, Gardiner, Saco, and Waterville. Two more communities, Eastport and Norway, were designated in 2002. In exchange for agreeing to follow the Center's approach, the communities receive three years of training and technical assistance worth about \$30,000–\$40,000. This includes:

- *Orientation for Executive Director and Board* – The Maine Downtown Center's staff provide an orientation for the downtown organization's executive director and board members, including an overview of their responsibilities and an introduction to resources available through the Center.

- *Start Up Library* – Main Street Maine communities are supplied with a library of materials from the National Main Street Center to help educate residents, business owners, and officials about revitalization; train volunteers; and provide the director with tools and how-to information.

- *Reconnaissance Visit* – Maine Downtown Center staff travel to the community to conduct an initial needs assessment, assist with organizing the program, and meet with residents and officials to explain the approach.

- *Resource Team Visit* – A team of experts spend three to four days in the community conducting interviews and observing and analyzing local conditions. The team is selected by the Center based on the community's unique needs and challenges (in Eastport, for example, the team included a national expert on economic development in very small towns). After the visit, the team produces an extensive report with specific, detailed recommendations that form the basis for the local organization's work plan.

- *Training* – During the first year, the program's executive director, board members, and volunteers receive training in downtown revitalization and the National Main Street Center's four-pronged approach. This includes training on such things as how to conduct a market analysis; obtain and manage building façade improvement grants; create promotional events; develop a fundraising strategy; and recruit and train volunteers. Most training is conducted on-site.

Intensive training and technical assistance continues in the second and third year, but is less general and focuses more on the specific needs of the local community. In Norway, for example, the Center hired an architect to help the community develop downtown design guidelines. Eastport received training and assistance in establishing a downtown tax increment financing district.

## Gardiner Main Street

Once a bustling regional shopping hub, downtown Gardiner fell into decline in the 1960s with the rise of malls and the closure of the town's shoe factories and paper mills. By the 1990s, the downtown was home to only a handful of viable retail businesses. Many prime storefronts were either vacant or underutilized---i.e., occupied by offices, hobby businesses, and other activities that would be better suited to upper stories or side-street locations.

In 1999, the city recognized the latent economic potential of its downtown and drafted a revitalization plan. A downtown organization began forming and in 2001, Gardiner applied for and won designation as a Main Street Maine community. The Gardiner Main Street program was officially launched.

In three years, the organization has developed a strong foundation within the community and has made significant strides in changing the perception of downtown Gardiner. "You can feel the difference. The energy downtown has changed. There's a sense of optimism," says Linda Matychowiak, Gardiner Main Street's full-time downtown manager. Mayor Brian Rines agrees, "We now have a tremendous amount of momentum downtown."

Gardiner Main Street is run by a board of directors that includes community and business leaders. Its work is carried out by Matychowiak, the only paid staff person, and more than thirty volunteers, who sit on four committees: design, economic restructuring, promotion, and organizational development. About one-third of its budget comes from the city, the rest through donations from property owners, businesses, and residents.

As a Main Street Maine community, Gardiner Main Street has been receiving

extensive training and technical assistance, including a comprehensive downtown assessment by a team of experts. Their report outlined the downtown's assets and deficiencies, and offered dozens of concrete recommendations.

One of Gardiner Main Street's first tasks was to work with the community to develop a clear vision for the downtown's future that builds on Gardiner's unique assets, including its location on the Kennebec River and the more than forty-five historic buildings in its downtown core. This shared vision serves as a guide and assessment tool for the organization's day-to-day work.

Another early task was the completion of a market analysis, which presents data on the local market and its capacity to support various kinds of businesses. The analysis has been key to attracting new businesses. Two entrepreneurs interested in opening a clothing store in the region, for example, met with Matychowiak and were persuaded to chose Gardiner based on figures in the analysis showing that the town was under-served in terms of clothing stores. They used the data to develop a business plan and obtain financing, and opened *Moda Bella* in downtown Gardiner a few months later.

*Moda Bella* has not only been successful as a business, but has given other downtown property owners a sense of the potential of their buildings. Many were skeptical of Gardiner Main Street at first, but have since developed strong relationships with the program. Several have turned to the organization for help in identifying and recruiting businesses that are likely to succeed. Matychowiak believes that the downtown should be managed more like a mall in the future, with decisions driven by market

analysis and property owners cooperating to achieve a complimentary mix of businesses.

Largely due to Gardiner's active revitalization program, the city has been able to secure two \$400,000 community development grants from the state. The funds have been used for downtown improvements, including a \$60,000 grant to help with an extensive restoration of a prominent downtown building that now houses Moda Bella and A1 To Go, a new café and take-out business, on the ground floor and Blue Marble Geographics on the second floor.

Another \$160,000 was used to establish a façade improvement program. Administered by the city during its first year, the program is now coordinated by Gardiner Main Street's design committee. Building owners may apply for 50/50 matching grants of up to \$5,000 to improve their façades. Those selected receive free architectural assistance to ensure the renovations fit Gardiner's historic character. So far, more than forty building facades have been renovated.

The city also secured federal grants to set up a \$750,000 revolving loan fund to help existing downtown businesses expand and new businesses open, and to help downtown building owners renovate and provide

disability access to underutilized upper floors. One of Gardiner Main Street's long-range goals is to diversify the range of uses in the downtown's upper stories to include more offices and a mix of housing. This in turn will expand the market for stores and restaurants.

Gardiner Main Street is also partnering with the city to improve access to the Kennebec River and to better integrate the waterfront with the downtown. The organization is working to establish a new destination business in an historic train station overlooking the river. Other activities include organizing two annual downtown events and crafting a plan to upgrade downtown signage.

Gardiner's experience well illustrates the importance of approaching downtown revitalization as a long-term program of steady improvements that develop momentum over time. After three years, visible evidence of the program's impact is only now beginning to emerge in the form of renovated facades and a handful of newly occupied storefronts. But the downtown has clearly turned a corner. Gardiner Main Street has begun to create the kind of environment where local businesses can thrive and its work will likely yield an accelerating stream of dividends in the coming years.

- *Quarterly Executive Director Meetings* – The executive directors of the downtown organizations are brought together at least four times a year to network and share ideas, and receive training on topics of interest.

- *On-Site Assistance* – Maine Downtown Center staff provide on-site assistance when necessary to address local needs and problems. This might involve, for example, coordinating a special strategy session or training for a volunteer committee.

- *Membership in the National Main Street Center* – Main Street Maine communities receive a three year membership to the National Main Street Center. Benefits include a monthly newsletter, access to an online database and discussion board, discounts on publications, and use of a telephone information hot-line.

- *Conference Attendance* – Main Street Maine communities receive limited free registration to attend the National Main Street

Center's annual conference and the Maine Downtown Center's annual statewide conference.

- *Public Relations* – The Center's staff help to build visibility and publicize the work and accomplishments of each Main Street Maine community.

The Maine Downtown Center recommends that communities spend at least a year or two learning about the program and laying the groundwork locally before applying for Main Street Maine designation. The Center has developed a Getting Started program to guide communities through this early stage.

### ***State Support for Downtown Revitalization***

In addition to the training and technical assistance provided by the Maine Downtown Center, one of the benefits of being designated a Main Street Maine community is the advantage it gives in securing a variety of grants for downtown improvements. Through Maine's Community Development Block Grant program, towns and cities can apply for grants for downtown planning (up to \$10,000); downtown revitalization, which primarily involves infrastructure improvements such as street lamps and sidewalk renovation (up to \$400,000); and building façade improvements (up to \$100,000). All Maine communities are eligible to apply, but, because grant applicants are evaluated based on whether they have a comprehensive downtown revitalization plan in place and whether there is local capacity to implement the grant, Main Street Maine communities have an inherent advantage.

The state also provides a tax credit for renovation of historic commercial buildings. Renovation projects that qualify for the federal historic rehabilitation tax credit of twenty percent (the building must qualify for the National Register of Historic Places and the renovation must be substantial) are eligible to receive an additional twenty percent tax credit from the state.

During 2004, under the direction of Governor John Baldacci, the Maine State Planning Office will be conducting research to identify state and local policies that create barriers to downtown investment and will recommend policy changes and other strategies to foster revitalization of Maine's downtowns.

Maine could do more to support downtown revitalization. The state provided funding for the Maine Downtown Center during its first two years---through a legislative appropriation of \$100,000 in 2001 and a grant of \$100,000 from the State Planning Office in 2002---which helped the Center secure additional support from private sources. But the state has not allocated any additional funding to the Center since. This is unfortunate. With a relatively modest budget, the Maine Downtown Center has been able to leverage significant local and private investment in the state's downtowns, leading to the creation of more than two dozen new businesses during its first two years. And, because downtown revitalization is an incremental process, positive results are likely to multiply over time if programs continue. Moreover, research suggests that having healthy, vibrant downtowns will be increasingly important to the state's ability to attract entrepreneurs and new investment over the long-term.<sup>27</sup>

## Main Street Bath

At first blush, Bath may not seem like a place that needs a downtown revitalization program. Scores of long-standing, vibrant independent businesses line Front and Centre streets. While many coastal towns are dominated by boutiques and tourist-oriented stores, a remarkable number of Bath's downtown businesses are focused on meeting the needs of residents, including two grocery stores, an appliance dealer, kitchen store, department store, bookstore, and pharmacy. Upper stories are filled with housing and professional offices.

Downtown Bath's vitality is no accident. It's due to years of active involvement by residents and business owners. In 1965, voters blocked a plan to demolish most of the downtown for a mall. In the 1970s, significant historic renovations and investments were undertaken. In the early 1990s, Bath's retailers formed the Bath Business Association to aggressively counter competition from new big box stores in neighboring Brunswick.

Main Street Bath's mission is to build on this history, maintaining the vitality of the downtown and ensuring that the district continues to be innovative in the face of new challenges and the ongoing threat from big box retailers. Selected as a Main Street Maine community in 2001, the program is run by a

diverse board of directors, two part-time coordinators, and four volunteer committees.

One of Main Street Bath's goals, says coordinator Mari Huotari, is to make the downtown not only economically vital, but the center of community life. A big step in this direction was the opening of Café Crème in 2003. Until then, the downtown lacked a gathering spot. Main Street Bath is also planning to erect a bulletin board downtown where residents can post events and meetings.

Once a month, Main Street Bath hosts a Business Barometer meeting that gives merchants a chance to check in with one another and discuss common challenges. Another monthly meeting brings business owners and city officials together to talk about issues that affect the downtown.

Main Street Bath is conducting a market analysis and consumer survey to identify products and services currently lacking in the downtown that could provide opportunities for businesses to modify or expand their offerings. The organization also coordinates a joint advertising program, started by the Bath Business Association, in which merchants purchase a full-page in the newspaper to advertise both their stores and the downtown as a whole, and hopes to establish a façade improvement program in the coming year.

### ***Keeping Public Buildings Downtown***

Municipal offices, post offices schools, libraries, and other public buildings rank high in the mixture of uses essential to a healthy downtown. Unfortunately, in recent years many federal, state, and local government agencies have been moving public buildings out of downtowns to sprawl locations on the outskirts of the community.

The closure of a public building reduces downtown activity and can have a harmful effect on local businesses. A 1993 survey by the National Trust for Historic Preservation found that 80 percent of Iowa residents who shopped in downtowns planned their trip around a visit to the post office. Other studies have found that when communities close a centrally located school in favor of a new facility on the outskirts of town or a

consolidated school in a nearby district, downtown commerce suffers. Sales from students and teachers evaporate and parents do more of their shopping near their children's new school. When consolidation led to the closure of the high school in Lund, Nevada, retail sales dropped eight percent.<sup>28</sup>

Rather than site new public facilities on undeveloped land on the outskirts of town, communities should consider rehabilitating or expanding an existing building or locating a new structure on a vacant lot in or adjacent to the town center.

- *Municipal Buildings* — Cities and towns should consider making a formal commitment to keeping public facilities, such as the town hall, fire station, or community center, in the downtown. This commitment should be reflected in the comprehensive plan, zoning code, and municipal bylaws.

- *State Facilities* — In recent years, state agencies have become more sensitive to how the location of public buildings can affect Maine's downtowns and local economies. Legislation adopted in 1999 requires that, where appropriate, preference be given to downtowns in choosing sites for new state office buildings. Several state facilities have been located in downtowns as a result.

- *Public Schools* — Up until the 1960s, public schools in Maine were almost always built within walking distance of the students they served. But beginning in the 1960s, schools were increasingly sited on large tracts of land further from established

neighborhoods and the town center. The thinking was that students would be better served by larger, more modern facilities surrounded by large athletic fields and ample parking. State policy encouraged this trend by stipulating that state construction funds could only be used for new buildings, not renovation of existing schools. State regulation also requires that new schools meet minimum acreage requirements, effectively ensuring that they are located on large, inexpensive sites on the outskirts of town.

Over the last forty years, this pattern of school construction has played a major role in spurring outward migration, fueling sprawl, and draining the vitality of established neighborhoods and central business districts. Moreover, a growing body of research on educational achievement has found that

students are better served by small neighborhood schools than they are by large, consolidated facilities.<sup>29</sup>

The state began to alter its policies on school construction

in the late 1990s. The State Board of Education and the Department of Education revised the application for state construction funds in an effort to give preference to renovation over new construction. The state also established a revolving loan fund for school renovation projects. New school siting policies have been adopted to encourage municipalities to coordinate school construction with overall land use planning and to build new facilities in established neighborhoods or in designated growth areas.

These are good first steps, but more needs to be done. The state continues to spend far more on new school construction than it does

***Municipal offices, post offices schools, libraries, and other public buildings rank high in the mixture of uses essential to a healthy downtown. . . Unfortunately, many agencies have been moving public buildings out of downtowns.***



on renovation. Minimum acreage requirements have not yet been lifted and, although municipalities may request waivers, many avoid doing so for fear that it will reduce their chances of receiving state construction grants. Many biases in favor of new construction persist in the application process and in the state's health and safety codes. School districts are not required to factor in walking distances and the full cost of busing when they evaluate school sites. The idea that large schools are better for students persists among many residents and local decision-makers, despite evidence to the contrary.

- *Post Offices* — In recent years, the US Postal Service has closed many downtown post offices, shifting operations to new buildings outside of the town center or to consolidated facilities in larger communities. The Postal Service's decision-making process currently does consider how closing a branch will impact downtown vitality and the local community. A bill introduced in Congress, the Post Office Community Partnership Act, would require that the Postal Service solicit community input before deciding to close, relocate, or build a post office. In the meantime, communities concerned about the potential relocation or loss of a downtown post office should obtain a copy of *A Local Official's Guide to Developing Better Community Post Offices*, published by the Preservation Trust of Vermont.

### ***Favoring Local Businesses in Government Purchasing***

Many cities and states have adopted laws that give preference to local businesses for city contracts and purchases if the bid from the local business is within a certain

percentage of the lowest bid received. The logic behind these rules is that the additional jobs, economic activity, tax revenue, and other financial benefits that will be created by keeping dollars in the local economy more than make up for the additional cost.

In Maine, state agencies generally give preference to local businesses in the case of a tie bid. Some states more heavily weight bids from in-state businesses. Montana, for example, awards contracts to resident businesses if they are within three percent of the lowest bid received from any responsible vendor, or within five percent of the lowest bid if the goods are not only sold but also manufactured by a Montana business.

Counties and municipalities may also opt to use their purchasing power to boost the homegrown economy. Officials in Washington D.C., for example, choose local businesses when their bids are within five percent of the lowest price available. Ketchikan, Alaska provides a seven to ten percent preference for purchases under \$200,000 (no preference is given above this amount).<sup>30</sup>

### ***Maintaining Affordable Commercial Space***

Rising commercial rents are generally a sign of good health in a retail district. But in some communities, rents are rising far too fast for local businesses that serve everyday needs, like the hardware store and pharmacy, to keep up. They are being priced out of the market by chains and upscale boutiques that primarily serve tourists or leisure shoppers. Residents are forced to travel outside of the downtown district to malls and big box stores for basic items. Over time, the downtown loses its important role as the center of community life. As distinctive homegrown businesses disappear, it may lose its appeal to

visitors as well. Towns facing this problem might consider the following strategies:

- *Encourage Owner Occupancy* — The best way for a local retailer to ensure a stable location at a reasonable price is to buy the building his or her store occupies. Cities and the state could encourage this through property tax or income tax incentives, or low-interest loan funds dedicated to this purpose.

- *Commercial Land Trust* — Community Land Trusts (CLTs) have been used effectively in cities around the country to establish and maintain affordable housing. The CLT model could be adapted and applied to commercial buildings with the requirement that buyers or lessees be independent businesses. CLTs are funded largely by Community Development Block Grants, which are available for both housing and economic development projects.

- *Publicly Owned Space* — A city could buy a commercial building and contract for its management with the stipulation that space be leased only to locally owned businesses that meet community needs. Rents would be stable and below market, reflecting the city's actual costs of owning and maintaining the building, without a profit margin.

- *Identify Spill-Over Space* — Are there underutilized, perhaps run-down, commercial districts in the community where local businesses pushed out of high-rent areas might relocate? If so, the city might focus

revitalization and development efforts on making these districts viable alternative locations for local stores.

### ***Small Business Development***

The best way to encourage small business creation is to create the kind of environment that will enable independent retailers to thrive. Cities and towns that have demonstrated a commitment to building a vibrant downtown, supporting locally owned business, and limiting sprawling retail development in outlying areas, will gradually attract entrepreneurs and new enterprises.

Many cities and towns are no longer focusing their economic development efforts

on trying to recruit outside firms. They are instead putting their resources to work helping locally owned businesses expand and new entrepreneurs get started. This kind of bottom-up approach to growth can be more

challenging, but, in the end, it yields far greater economic and community benefits. The businesses created moreover are also more likely to stay put, rather than picking up and moving on to a town offering lower wages or a tax break.

Here are a few ideas a municipality, community nonprofit organization, or business association could pursue to foster small business development:

- *Conduct a Market Analysis* — Are there certain types of goods or services that are currently lacking in the community? What

***Many cities and towns are no longer focusing their economic development efforts on trying to recruit outside firms. They are instead putting their resources to work helping locally owned businesses expand and new entrepreneurs get started.***

## Workspere Initiative for the Katahdin Region By Michael Shuman

For a century, residents of the Katahdin Region harvested wood and processed it into pulp and paper, enjoying high-paying jobs and community prosperity. Since the 1980s, however, a series of layoffs have plunged the area's economy into a virtual depression. Between 1986 and 2000, employment at the Great Northern Paper Company fell from 4,000 to 1,500 workers. In early 2003, the company shut its doors altogether, leaving 1,300 workers without jobs. Today, regional unemployment stands at 25 percent.

The Workspere Initiative for the Katahdin Region (WIKR), led by the Bucksport-based Training & Development Corporation (TDC) and funded largely by a grant from the U.S. Department of Labor, aims to transform this economic crisis into a groundbreaking opportunity. The premise of the initiative is simple: The Katahdin Region should never again put all of its economic eggs into a single company focused globally. Instead, it should create hundreds of locally owned businesses that focus primarily on local consumers and business purchasers.

Through a year of targeted research, discussion, and action, WIKR seeks to identify new small business opportunities that, once established, can create a diversified, stable, and prosperous economy. Nearly one hundred residents volunteered to participate throughout the year in a dozen teams, each focused on a sector of the economy such as Food, Energy, Finance, and Manufacturing.

At its first public meeting in January 2004, each group was charged to ascertain *indicators* of progress, *assets* usable for new or expanded local businesses, and expenditure *leakages* that could be met by linking local production with local demand. The groups

then presented their ideas for plugging the leaks with new businesses. Among the ideas were an Evian-style water bottling plant, Katahdin ice-cream, a retail hardwood store, a sporting equipment store, a newspaper printing operation, a computer repair business, an expansion of the local airport, and a local-reinvesting pension program.

Preparations are now underway for a second symposium on ways to improve local purchasing power. Three ideas in particular will be explored: a Maine credit card that encourages holders (perhaps through interest charges) to buy from designated locally owned businesses; an enterprise that links local suppliers with one another; and another enterprise that consolidates small business goods and services into competitive bids for state and local contracts.

The third phase of WIKR will focus on local investment strategies and how to increase the availability of capital for small businesses. An analysis is being developed that will identify all available federal, state, and local capital programs; present a record of commercial loans from area banks; pinpoint key venture capital sources; outline the costs and procedures for businesses to issue local stock; and analyze opportunities for creating local mutual funds that could accept 401k, 403b, IRA, and other retirement-fund dollars.

A key element of this work will be to develop revenue-generating enterprises---like a Katahdin credit card and a Katahdin venture-capital fund---that enable the work to expand. TDC views WIKR as a pilot for similar economic programs it will develop in other distressed communities.

To learn more, contact TDC, listed in the Resources section of this report.

are the demographics of the local market? What kinds of stores do economic data show residents could support? Conducting a comprehensive market analysis will reveal gaps in the local retail mix, illustrating opportunities for a local merchant seeking to expand into new product lines or an entrepreneur looking to open a new business. A market analysis provides concrete data that can form the basis of a business plan and help to secure financing from lenders and investors. Communities can undertake a market analysis themselves using a detailed, step-by-step guide created by the Center for Community and Economic Development at the University of Wisconsin Cooperative Extension Service and available at [www.uwex.edu/ces/cced/dma](http://www.uwex.edu/ces/cced/dma).

- *Provide Training and Technical Assistance* — Individual small businesses can afford little in the way of training and technical assistance. Communities could bridge the gap by hiring experts and organizing workshops and on-site assistance for all of the business owners in town. Topics might include merchandising, marketing, inventory control, storefront displays, and new technologies.

- *Establish a Revolving Loan Fund* — Some communities have established a revolving fund to provide matching grants and low-interest loans to help local businesses expand, renovate their storefronts, install new technologies, and make other capital improvements. These programs stimulate private investment, enhance the attractiveness of the downtown, and foster other business development by creating a climate of vitality and expansion.

- *Maintain a Resources Clearinghouse* — Communities should identify and maintain

a clearinghouse of resources for prospective entrepreneurs, including sources of financing, technical assistance programs, and available commercial space. The Maine Department of Economic and Community Development publishes a comprehensive guide to financial resources and technical assistance programs available to small businesses, called a “A Pocket Guide to Maine’s Business Resources” and available online at [www.econdevmaine.com/doing-biz.htm](http://www.econdevmaine.com/doing-biz.htm).

- *Organize Joint Marketing Campaigns* — Communities might organize marketing campaigns and promotional events that build public awareness of the importance of supporting locally owned businesses and encourage residents to keep their dollars in the local community. (See the next chapter for examples of marketing tools.)

- *Help with Succession Planning* — Many local businesses disappear not because they aren't viable but because their owners are retiring and there's no one to take over the business. Communities should identify and connect business owners nearing retirement with aspiring entrepreneurs in need of good opportunities. Communities might also provide financial and technical assistance to aid the transition.

- *Pursue Creative Strategies* — Many communities seeking a particular kind of store, such as a pharmacy or bookstore, try to interest a national chain. But a growing number are developing creative strategies to fill the gap with an independent, locally owned business.

In 1999, after Rite Aid closed in downtown Orono, town officials were eager to land a new drugstore to meet this critical need, but they did not want another footloose

chain. They decided instead to send letters to some 1,200 pharmacists licensed by the state of Maine, asking if they might be interested in opening a pharmacy in Orono. They got about half a dozen responses and soon identified the right candidate. The Orono Community Pharmacy opened a few months later.

In Berkeley, California, after a low-income neighborhood was left with no supermarket, the city worked with a small, independent grocery store on other side of town, providing technical and financial support to help the owners move to the neighborhood and open a large, full-service supermarket.

### **Community-Owned Department Stores**

Missing in many downtowns today---aside from the dozen or so Maine towns served by Reny's, a local chain of discount department stores---is a store that sells basic, affordable clothing and household goods. Such a store could provide an alternative to the big boxes and an important anchor for downtown commerce.

One potential solution to this problem is to open a community-owned department store. It may sound far-fetched at first, but there are in fact more than half a dozen successful community-owned department stores operating in the Rocky Mountain region, and business and civic leaders in two New England towns affected by the closure of Ames--Greenfield, Massachusetts, and Middlebury, Vermont---are now pursuing the idea.

These stores are generally structured as state-chartered corporations and capitalized through stock shares sold to local residents (bylaws stipulate that stockholders must live in the state). They are run by a board of directors elected by the shareholders and managed day-to-day by a store manager. Investors generally expect that much of their return will be in the form of community benefits, rather than financial gains.

Over the last few years, about half a dozen community-owned department stores have opened in Montana and Wyoming, and

several more are in the works. A good example is The Mercantile in Powell, a town of 5,500 in northwestern Wyoming. The store was largely a response to the closure of Stage, a Houston-based chain of small department stores that pulled out of Powell and several other towns a few years ago, leaving residents with no place to buy basic clothing and shoes for the whole family.

Rather than allow the town's commercial base to decline, a group of residents hit upon the idea of opening community-owned store. They drew up a business plan, filed incorporation papers with the state, and began selling shares priced at \$500 each. Within a few months, they'd sold over 800 shares, raising more than \$400,000 in capital.

The Merc opened in July 2002. The store sells affordably priced clothing and shoes for men, women, and children. With a Wal-Mart supercenter just 20 miles away in Cody, some Powell residents predicted that The Merc, like most small town stores focused on basic needs, would fail.

But the store has been remarkably successful, meeting vital local needs, boosting sales at other downtown businesses, and even turning a profit. During its first year, The Merc took in \$500,000 in revenue, outpacing projections, and generated a profit of \$36,000. The earnings were used to expand the store from 7,500 to

10,000 square feet.

Founders cite several factors in The Merc's success, including top-notch customer service and a board made up of experienced local businesspeople. With no debt to service or stockholders demanding high rates of return, prices can be kept relatively low. "We're probably not quite as low as Wal-Mart," said store manager Paul Ramos, "but we're close and we usually do better than the mall up in Billings."

Ramos says the store has had no problems building good relationships with suppliers. The Merc and a similar community-owned store in Worland, Wyoming, often purchase goods together in

order to reduce costs by buying larger quantities.

Another significant factor in The Merc's success, according to board member Ken Witzeling, is the community's sense of ownership. "When you walk down the street and talk to people about the store," he said, "they all refer to it as 'our store.' Not 'the store,' or 'that store.' It's 'our store.'"

In both Middlebury, Vermont, and Greenfield, Massachusetts, committees have formed to explore the possibility of launching a community-owned department store. For more information, contact the Cooperative Development Institute, listed in the Resources section of this report.

## Independent Businesses Unite

Independent businesses of all kinds are facing very similar challenges brought on by growth of large corporations, technological changes, and public policies that often tilt the playing field in favor of their big competitors. Many have realized that they could benefit substantially from joining forces and working together. This final section will look at several of these cooperative approaches, which are enabling independent businesses to reduce costs through economies of scale, broaden public awareness of the importance of supporting locally owned businesses, and gain a stronger voice in public policy decisions.

### *Purchasing and Marketing Cooperatives*

One way that independent retailers can gain some of the advantages enjoyed by the chains is to form a wholesale cooperative (sometimes known as a purchasing or shared services cooperative or a buying group). Like all cooperatives, these enterprises are owned by their members—in this case retail merchants—all of whom have an equal say in decision-making and receive a share of any profits generated.

Wholesale cooperatives give local merchants greater purchasing power and leverage with suppliers, enabling them to lower the cost of goods and negotiate better terms. Co-ops often negotiate directly with manufacturers, just as the chains do.

***Wholesale cooperatives give local merchants greater purchasing power and leverage with suppliers, enabling them to lower the cost of goods and negotiate better terms.***

Some retailer-owned cooperatives serve only as buying groups. Others operate warehouses and distribution systems for their members, an important function given that there are fewer wholesalers and distributors operating now because the large chains buy directly from producers. Many provide members with additional advantages that normally would be unaffordable to an independent businesses, including a recognized brand name, national or regional advertising, in-store promotional tools, accounting and other professional services, and access to lower cost health insurance for employees. Many wholesale cooperatives have taken an aggressive stance towards competition from chain stores by setting up loan funds and providing on-site assistance to help their members install new technologies, redesign their stores, and improve operations.

Wholesale cooperatives have experienced a burst of growth in the last ten years as locally owned businesses look for ways to survive against the chains. The largest retailer-owned cooperatives are in the hardware and grocery sectors, where wholesale co-ops have been active for more than a hundred years. Nationwide more than 40,000 independent grocery stores own forty wholesale cooperatives, the top nineteen of which had combined revenue of \$28.5 billion in 2000, up 4.5 percent over 1999.<sup>31</sup> In Maine, about 250 stores, including supermarkets as well as smaller food and convenience stores, belong to Associated Grocers of Maine.

Most hardware stores are also affiliated with a cooperative, such as TruServ (True Value), Ace, or Do It Best. These co-ops reduce their members' merchandise costs by an estimated ten to twenty percent.<sup>32</sup> In 2000, the top seven hardware co-ops took in \$12.5 billion in revenue.<sup>33</sup>

Most locally owned pharmacies likewise belong to one of about 30 regional purchasing groups, which negotiate with drug manufacturers for volume discounts. Pharmacy buying groups have been around for about 15 years, but they are more important now than ever. HMOs have dramatically reduced the reimbursement rates for pharmacies and the added cost savings provided by buying cooperatives has become especially critical.<sup>34</sup>

These established co-ops are growing rapidly and many new co-ops are forming in sectors that previously lacked this option for independent retailers. In 1999, several lighting stores formed a wholesale cooperative called Lighting One, which now has some 100 member businesses, including House of Lights in Scarborough. Lighting One has negotiated with suppliers to obtain significant discounts for its members. The co-op also provides training in sales and management, television and print ads that can be customized for local markets, extensive technical assistance, and a private label credit card that allows member stores to offer customers the zero percent financing that many chain stores provide. Other new wholesale cooperatives include YaYa Bike, which formed last year and has a membership of about 100 locally owned bicycle shops, and

***Three years ago restaurant owners in Tucson, Arizona decided to stop seeing one another as competitors and launched a collective effort to counter the expansion of chain restaurants.***

the Coalition of Independent Music Stores, which has 74 member stores nationwide.

Several organizations that can help independent retailers form wholesale cooperatives are listed in the Resources section at the end of this report.

### ***Think Globally, Eat Locally***

▪ *Tucson Originals* — Three years ago, a group of independent restaurant owners in Tucson, Arizona decided to stop seeing one another as competitors and launched a collective effort under the banner Tucson Originals to counter the rapid expansion of chain restaurants.

It all began with an article in a local monthly in 1998 by writer Michael Munday, who expressed concern about the city's dwindling number of locally owned eateries and the explosive growth of chain restaurants. The article touched a nerve with City Councilor Steven Leal, who convened a meeting with the magazine's publisher, John Hudak, and several restaurant owners. The group met for several months and decided to form a coalition. Tucson Originals now includes more than forty restaurants, ranging from hot dog stands to high-end dining.

Tucson Originals has four goals. The first is to lower costs for its members through group purchasing. This has been accomplished through the creation of a separate entity, the Arizona Independent Restaurant Alliance (AIRA), which negotiates with food suppliers and has trimmed its members food costs by 10 to 20 percent. AIRA is open to all of the state's independent



restaurants and now includes 120 members in Tucson, Phoenix, and Scottsdale. According to Don Luria, owner of Cafe Terra Cotta and founding member of Tucson Originals, AIRA saves his restaurant at least \$100,000 a year.

The second goal is to encourage consumers to support Tucson's independent restaurants. Publisher John Hudak donated \$50,000 in free advertising for this purpose. His magazine no longer reviews or accepts ads from chain restaurants. Member restaurants also include a card with each diner's check that lists the city's local restaurants and describes their important role in maintaining Tucson's culinary sense of place.

The third goal is to raise awareness of the community contributions of independent restaurants, which the group accomplishes through high profile fund-raisers for local nonprofits. The final goal is to expose kids to the experience of independent dining through various school programs.

To join, restaurants must commit at least \$50 in annual donations to a food bank and agree to actively participate in one committee and one fund-raiser for a local nonprofit.

- *Kansas City Originals* — As it turns out, Tucson restaurant owners were not the only ones turning to cooperation. In Kansas City, some twenty independent restaurants came together in early 2001 and formed the Kansas City Independent Restaurant Association. The group, which now includes three dozen restaurants, has since changed its name to Kansas City Originals. The coalition's main goal is to market the idea of eating at locally owned restaurants. Members contribute \$90 each month to fund

advertisements that use humorous, tongue-and-cheek messages to poke fun at the chains and grab the attention of readers. Members also sport business cards and tabletop tents that read "local food served with local flavor" and list each restaurant's name and address.

- *Council of Independent Restaurants of America* — These local coalitions have been so successful that they inspired the creation of the Council of Independent Restaurants of America (CIRA), a national umbrella group that is working to seed local restaurant alliances nationwide and provide a network of resources and support. "Chains are about money. Independent restaurants are about food," says CIRA's founder, Washington, DC restaurant owner Robert Kinkead. "It's time to fight back and unchain America." CIRA organizes workshops around the country, hosts an annual conference, and is developing a comprehensive marketing and advertising program. Local chapters have formed in Albuquerque, Birmingham, Charlotte, Cleveland, Indianapolis, Madison, Milwaukee, Minneapolis, St. Louis, Sarasota, and Washington DC.

***Member restaurants include a card with each diner's check that lists the city's locally owned restaurants and describes their important role in maintaining Tucson's culinary sense of place.***

### ***Independent Business Alliances***

Over the last few years, locally owned businesses have formed Independent Business Alliances (IBAs) in more than fifteen cities across North America. These coalitions typically include a broad range of different kinds of businesses, from local banks to hardware stores and restaurants. They enable their members to work together to address

common challenges and to develop shared strategies for countering the growth of chains. IBAs have been particularly successful in two areas: They've developed highly effective public education campaigns, which have increased support for locally owned businesses, and they've provided a strong voice for independent businesses in shaping local government policy.

The idea originated in Boulder, Colorado, in 1998 when a group of business owners formed the Boulder Independent Business Alliance. The alliance grew to include more than 150 businesses and was so successful that it caught the attention of business owners in other cities, who went on to found their own local IBAs.

Today, these IBAs belong to a national organization called the **American Independent Business Alliance** (AMIBA), which was founded by one of the creators of the Boulder IBA. AMIBA offers on-site workshops, how-to materials, templates for developing "buy local" educational programs, and technical assistance to help small business owners launch IBAs in their own communities. It provides networking opportunities for established IBAs, develops new public education and membership tools, and coordinates national events, such as Independents Week (see sidebar). Contact information for AMIBA can be found in the Resources section at the end of this report.

- *Boulder Independent Business Alliance* — In 1998, David Bolduc, owner of the Boulder Bookstore, and Jeff Milchen, a long-time community activist, conceived the

Boulder Independent Business Alliance (BIBA). They shared the idea with several prominent local business owners who formed a committee and launched the organization.

Today, BIBA has a diverse membership base of 160 locally owned businesses, including food producers like Twisted Pine Brewery and the Boulder County Farmer's Market, repair shops like Hoshi Motors, retail stores like Video Station, service providers like Silver Star Printing, restaurants like The Sink, and Boulder's only independent commercial bank, Heritage Bank. The smallest are sole proprietorships. The largest, the nonprofit Boulder Community Hospital, has more than 2,000 employees.

BIBA's main goal is to make the choice "local or chain?" a significant consideration for residents in their shopping and spending decisions. To this end, the alliance has created a highly visible and effective marketing campaign. Popular decals displayed on the windows and doors of every BIBA member

***Through highly effective public education campaigns, independent business alliances are increasing support for locally owned businesses among residents and elected officials.***

serve to remind residents of the full impact of their spending whenever they approach a local business. One says, "We are a locally owned, independent

business. Buy locally. Strengthen our community and local economy." The other, BIBA's logo—two arrows circling into each other, much like the mark on a recyclable container—also conveys an important lesson in community economics: Compared to their chain competitors, locally owned businesses recycle a higher percentage of their revenue and profits back into the local economy.

BIBA distributes a bumper sticker—*Put Your Money Where Your House Is!*—and has developed several marketing tools designed for

specific membership segments. Bookmarks list nearly two dozen locally owned book, music, and video stores in town and offer five reasons to support them. *Number 4: Do you really want Wal-Mart (the fastest growing music seller) deciding what gets recorded?* Eight local cafes use BIBA coffee cups—for less than the cost of buying generic cups—which list each cafe's address and offer customers a word of thanks: *By buying this beverage from a local independent business, you've just helped keep Boulder the great town we all love!*

For residents and visitors alike, one of BIBA's most useful creations is *The BIBA Guide*, a directory of local businesses. If you're looking for a toy and all that comes to mind is the heavily advertised Toys 'R' Us chain, the guide offers a solution: Grandrabbit's Toy Shoppe. Or what about pet supplies? Instead of PetSmart, try Petland of Boulder. Updated annually, the colorful directory is sprinkled with answers to the question, *Why shop locally?*

BIBA advertises in many local media outlets. At first, its ads built public awareness of the alliance and recognition of its logo. Later ads made the case for supporting locally owned businesses and illustrated the diversity of Boulder's independent businesses by showcasing specific membership segments, such as music and video stores, or retailers in a particular neighborhood.

According to members, BIBA's education campaign has broadened awareness of the importance of a strong, locally rooted economy. It has generated an on-going discussion among residents as well as city

officials about ways to strengthen and expand Boulder's independent business base. One way to measure BIBA's impact is to skim the newspapers. The number of businesses that include "locally owned" in their ads has risen sharply. The city's newspapers now feature advertising sections specifically for locally owned businesses. "Independent ownership has become a selling point," says Milchen.

▪ *Corvallis Independent Business Alliance* — Concerned about the growth of chain stores, Jack Wolcott of Grass Roots Books & Music, Bob Baird of The Book Bin, and several other local business owners invited Jeff Milchen, founder of BIBA to host a public forum. The event drew more than 125 enthusiastic residents and business owners and catalyzed the formation of the Corvallis Independent Business Alliance (CIBA).

Two years later, CIBA has 85 members, encompassing a wide range of goods and services, including a local bank, hardware store, toy store, pharmacy, plant nursery, and insurance agency. Dues are \$100-\$150 per year, depending on the size of the business.

CIBA emphasizes that the growth of chains is not inevitable; the community has a choice. "[Local merchants] are passionate about business. We can't imagine doing anything else. We'll keep doing it as long as we can," Wolcott says. "But consumers have to recognize that they have a choice. We will not be here if they stop supporting us. They have to choose what kind of community they want, what kind of community they'll pass on to their children."

The alliance gets its message out through half-page newspaper advertisements that explain what the alliance is and encourage people to look for the CIBA logo on storefronts when they shop, as well as a directory of independent businesses, sprinkled with messages about the value of locally owned stores and available for free throughout the city. CIBA also produces a monthly column for the *Corvallis Gazette-Times*, which provides an opportunity for the alliance to expand on its core message and tackle complex issues.

Local business owners say CIBA's work has strengthened their customer base and generated a lively public discussion about chain store proliferation. CIBA has begun forging a relationship with local officials and hopes to persuade the city to adopt policies that nurture local business development and limit chain store sprawl.

In addition to its public education campaign, one of CIBA's goals is to help its members strengthen their businesses. "Just getting together and discussing common challenges and sharing ideas has been very beneficial," notes Bonnie Helpenstell, owner of Home Grown Gardens. She says a growing number of CIBA members are providing discounts to one another and including other local businesses in their marketing. The local Chamber of Commerce, perhaps in response to the competition from CIBA, is now offering workshops and programs specifically designed for independent businesses.

▪ *Austin Independent Business Alliance* — Two years ago, Waterloo Records and Bookpeople, two of the oldest and most

beloved independent businesses in Austin, Texas, learned that Borders Books planned to build a giant book and music superstore across the street from their stores. The development would be funded in part by \$2.1 million in public subsidies. While small businesses in most places would have little power to stop such as project, Waterloo and Bookpeople were backed by the Austin Independent Business Alliance (AIBA), a coalition that at that time included more than 150 locally owned businesses.

AIBA teamed up with an Austin civic organization, Livable City, to fight the project. They asked the firm Civic Economics to study the economic impact of allowing the Borders store to open. The results were stunning. The firm concluded that every dollar

spent at Waterloo or BookPeople generated three times as much local economic activity as a dollar spent at Borders. Because Borders was expected to cannibalize much of

its sales from the two independents, the study estimated that Austin would lose \$2.4 million in economic activity annually, on top of the \$2.1 million in taxpayer subsidies. The study enabled AIBA turn the issue into front-page news and galvanize a lively public discussion about the merits of independent businesses versus chains. The public outcry eventually led Borders to abandon its plans.

Today, AIBA has more than 240 members, ranging from coffee shops and appliance dealers to opticians and motels. The group's logo and window decals feature an armadillo and encourage support of locally owned businesses. Bumper stickers and t-shirts urge residents to *Keep Austin Weird*. AIBA's local business directory, available for

***The results were stunning. The firm concluded that every dollar spent at Waterloo or BookPeople generated three times as much local economic activity as a dollar spent at Borders.***

free from any member business, is filled with messages about the importance of supporting the homegrown economy. "We believe that by preserving what is unique about our city, we can all continue to thrive and keep Austin from becoming Anywhere, USA. . . The next time you shop, cast your vote for Austin," it reads. Print advertisements initially focused on recruiting new member businesses and featured a "Declaration of Independents." More recent ads are aimed at consumers and encourage support of Austin's homegrown businesses.

One of AIBA's most successful initiatives to date was Austin Unchained, a one-day event in November when AIBA asked residents to shop exclusively at locally owned businesses. The event was promoted through posters, tee-shirts, and flyers. It received extensive coverage in local media and catapulted AIBA to a new level of visibility within the community. Membership grew. Many AIBA members reported being especially busy in the weeks following Austin Unchained and said that more of their customers asked if they were locally owned.

### **Celebrate Independents Week**

During the week of July 4th, 2004, the American Independent Business Alliance and its local affiliates, in partnership with the American Booksellers Association, the American Specialty Toy Retailers Association, and others, will celebrate Independents Week---seven days of events designed to highlight independent businesses and their role in keeping entrepreneurialism alive, making our hometowns unique, and strengthening community.

This is the first year that Independents Week will be celebrated nationally. It has been a local event in Tampa, Florida, for the last two years. It was conceived by Carla Jimenez, co-owner of Inkwood Books, who had long used July 4th as an opportunity to remind customers of the importance of independent businesses. Two years ago, she invited other local businesses to join her.

Seventeen businesses agreed to sign-on during the first year. They displayed posters in their stores that declared, "Celebrate Independents Week!" and read, "As we celebrate our nation's independence, we invite you to join us in celebrating our great local

independents." Owners and employees engaged customers in conversations about locally owned businesses. Each business held a drawing at the end of the week in which customers could win \$60 in gift certificates for the other participating businesses.

The event garnered extensive coverage in local media. The *Tampa Tribune* ran a front-page story. The local Fox affiliate broadcast its morning news show from a different independent business every day that week. The coverage gave business owners a chance to talk about how much independent businesses contribute to the local economy and community.

"The key was that it was so simple. There were no meetings and very little time involved," says Jimenez. Based on comments from her own customers, she says, "It was definitely worth it." More businesses participated during the second year. Now the event has been taken over locally by the newly formed Tampa Independent Business Alliance and has spread to communities nationwide through the American Independent Business Alliance.

AIBA has also joined a broad coalition of organizations, including many neighborhood and civic associations, environmental groups, and labor unions, to fight the proliferation of big box retailers in Austin. The coalition organized an extensive grassroots campaign that succeeded in blocking Wal-Mart from building a supercenter on an environmentally sensitive site. Now the coalition is advocating that the city study the impacts of big box retailers and adopt new planning and zoning policies to prevent development that would damage the environment and the local economy.

- *Santa Fe Independent Business and Community Alliance* — Formed in late 2002, the Santa Fe Independent Business and Community Alliance has grown to more than 500 members, about 60 percent of which are independent businesses, while the remainder are residents and local nonprofit groups that share and support SFIBCA's mission. The businesses represent a broad range of goods and services: bookstores, pharmacies, banks, radio stations, auto repair shops, accountants, printers, builders, beauty salons, and physicians.

One of SFIBCA's goals is to encourage members to share ideas, collaborate, and buy goods and services from one another, rather than from out-of-state companies. Many of Santa Fe's local businesses now offer discounts to other local businesses and their employees.

Another goal is public education. Member businesses display window decals and bumper stickers that identify their stores as independently owned and urge residents to support the community by shopping locally. The group runs print advertisements in newspapers and magazines, and has produced a 60-page directory of local independent businesses.

In 2003, SFIBCA commissioned a study from Angelou Economics that found that while "independent businesses comprise a higher share of Santa Fe's economy than the national average," chains are expanding at a much faster rate than the city's local businesses. The proliferation of chains in undermining Santa Fe's distinctive character and its local economy, the study concluded. It found that shopping at independent

businesses produces twice as much local economic activity as shopping at chains, because the local stores purchase more of their inputs from other Santa Fe businesses.

Five of eight city councilors attended the press conference announcing the study's results. Both local newspapers carried front-page stories. The *Santa Fe New Mexican* editorialized, "The success of Santa Fe's economy is in large part tied to the success of the many men and women who run small businesses. Those businesses need---and deserve---our support." As a result of the study and SFIBCA's advocacy, several pro-local business initiatives may be included in Santa Fe's new economic development plan.

***The Santa Fe Independent Business and Community Alliance includes more than 500 members, representing a broad range of goods and services: bookstores, pharmacies, banks, radio stations, auto repair shops, accountants, printers, builders, beauty salons, and physicians.***

## ***Business Alliance for Local Living Economies***

In late 2002, a group of visionary business owners, led by Judy Wicks, owner of the White Dog Café in Philadelphia and Laury Hammel, owner of The Longfellow Clubs in greater Boston, launched the Business Alliance for Local Living Economies (BALLE), a national association of local business networks dedicated to buying and selling locally, operating sustainably, and strengthening their communities. BALLE has grown to include twenty local business networks in cities and towns across North America.

BALLE provides on-site workshops and start-up kits to help local networks form. It hosts a national conference that enables local affiliates to share ideas and learn about successful strategies, and organizes monthly conference calls and forums on a variety of topics. BALLE has also created an on-line marketplace that allows users to search for products and services offered by sustainable independent businesses, and is developing a "Local First" marketing campaign that will encourage consumers to support locally owned businesses. Contact information for BALLE can be found in the Resources section at the end of this report.

▪ *Sustainable Connections* — Founded in 2001, Sustainable Connections is a BALLE-affiliated network of 280 locally owned businesses in northwestern Washington state, a region that includes the city of Bellingham. Members encompass a broad range of businesses committed to collaborating, buying

locally, healthy environments, meaningful employment, and a strong community.

Sustainable Connections helps members share ideas and best practices through regular networking and educational events. All members take an annual self-created pledge to make specific improvements to their businesses (they might, for example, commit to shifting to recycled paper or buying more locally produced goods). The network has organized a buying club to reduce costs on office supplies. Many members offer discounts to one another and are actively helping start-up enterprises succeed.

Last year Sustainable Connections launched a campaign to urge residents to "think local first" when shopping. The organization developed posters, tee-shirts, bumper stickers, flyers, and newspaper advertisements that feature the campaign's logo---an image of nearby Mount Baker and

the words, "think local, buy local, be local"---and message about the importance of supporting locally owned businesses.

Every member business received a kit that includes tips on how to promote the campaign; a fact sheet on the top ten reasons to support local businesses; a poster to display in their stores; a window decal; and a master copy of the logo to reproduce in their own marketing. The kit also included six types of thank-you cards for customers, each with a different message about the benefits of supporting the homegrown economy.

Small businesses "tend to be more flexible, more attuned to what their neighbors need and want, and they tend to give more to charitable organizations," said Kathy Van Winkle, manager of Griggs Office Supply, explaining

her message to customers. "The more you spend your money with local businesses, the more those dollars stay in the community."

The campaign has received extensive coverage from local radio, the *Bellingham Herald*, and the *Bellingham Weekly*, and participating businesses say it's beginning to affect residents' purchasing decisions. Sustainable Connections plans to expand the campaign in the coming year with special seasonal celebrations and a local business directory.

▪ *Sustainable Business Network of Greater Philadelphia* — SBN is a coalition of more than 150 local businesses and community leaders dedicated to building "a just and sustainable economy in the Philadelphia region by connecting, promoting, and strengthening locally-owned independent businesses which seek to serve the needs of customers, employees, our community, and the earth."

SBN works to establish relationships and trade among local businesses. For example, the network has persuaded many local restaurants to buy from local sustainable farms and has helped facilitate the transactions and distribution. SBN organizes regular networking events, bimonthly educational seminars on topics such as renewable energy and community capital, and an annual conference. In the coming year, SBN plans to develop a Local First campaign similar to the one created by Sustainable Connections.

Another major initiative underway this year is New Profiteers, an annual competition for best business plan. The program, created by SBN in partnership with Murex Investments, the Science Center, Osiris Marketing, and a Quaker group, Philadelphia Friends Yearly Meeting, is designed to nurture new local enterprises that meet social or

environmental goals. All local entrepreneurs with an idea or fledgling business are eligible to enter. The first annual contest will be held in the fall of 2004. The top prize is up to \$500,000 in equity investment from Murex Investments' venture capital fund. Runners-up will receive grants of \$5,000.

### ***Encourage Independent Businesses to Support One Another***

A large and untapped source of customers for independent businesses are other independent businesses. In the day-to-day grind of running their stores, many business owners overlook opportunities to support one another and keep dollars in the local economy. They might be buying office supplies at Staples rather than the local dealer; picking up building materials for a store renovation at Home Depot instead of the local hardware store; getting their copying done at Kinko's instead of the local print shop; or obtaining internet service through a national company rather than a local provider.

Encouraging retailers to shift their spending to local businesses where feasible would provide a significant injection of financial resources into the local economy. It would also broaden awareness among business owners about how their own spending decisions affect the community.

Such an effort could be undertaken by a local chamber of commerce, an independent business alliance, a downtown revitalization organization, or the municipality itself through its community development or planning office. Creating an directory of local businesses or an online database would provide retailers with a simple way of identifying a locally owned supplier or service provider.



## ***Reward Local Shopping***

Shop locally or get the best deals? Why not do both? One way to encourage residents to shift more of their spending to locally owned businesses is to reward them with discounts, rebates, and other goodies. For many years, major chains have offered "loyalty cards" that enable customers to earn points when they shop and redeem them for discounts on future purchases. Most independent businesses cannot afford the cost and time involved in administering their own loyalty card programs—nor would consumers welcome the hassle of carrying a card for every shop on Main Street. Thus was born the idea of a joint loyalty card—a single card that would work at every independent business in town. Launched by IBAs or nonprofit community groups, joint loyalty cards have emerged in several cities. They've succeeded by rewarding loyal customers, shifting more spending to local stores, and helping independent businesses market themselves to the customers of other nearby businesses.

- *Community Benefit Card* — The simplest and most straightforward approach comes from the Boulder Independent Business Alliance. For \$15—less than the price of membership at one warehouse buying club—residents can purchase a Community Benefit Card from a local business or one of several nonprofit community organizations helping to promote the cards in exchange for a portion of the purchase price. The Community Benefit Card provides discounts and other benefits at more than 80 locally

***The Community Benefit Card provides discounts and other benefits at more than 80 locally owned businesses, with most knocking ten percent off every product and service they offer.***

owned businesses, with most knocking ten percent off every product and service they offer. More than 6,000 Community Benefit Cards are currently in circulation.

- *Ohana Savers* — Two dozen local stores on the Hawaiian island of Maui hit upon a similar idea two years ago. With chain stores—including Borders Books, Office Max, Old Navy, Costco, and Home Depot—rapidly overtaking the island, they created the Ohana Savers loyalty card program. The cards have a magnetic strip and enable customers to accumulate points on purchases and redeem the points at any of the participating businesses. The two dozen participating stores range from a grocer to an appliance dealer. "We want to encourage people to shop at local stores first," says Joeline Trenholm, owner of Valley Isle Lighting, explaining that "Ohana" means family in Hawaiian. So far, it's been a success. More than 20,000 people have signed-up and cardholder purchases total several million dollars.

## ***Localizing E-Commerce***

Although the dot-com bubble has burst and countless e-tailers have disappeared, on-line shopping continues to expand at a steady pace. On-line retail spending rose 27 percent to reach \$93 billion in 2003.<sup>35</sup> For many people, the web is a convenient adjunct to in-store shopping, especially for certain types of items like books, music, and airline tickets. The typical customer of an independent

bookstore, for instance, buys at least two books on-line each year. About one-third of adults—and over 70 percent of all 18-24 year olds—shop online.<sup>36</sup>

Small businesses account for only a fraction of these sales; the vast majority flow to big name web-only companies like Amazon.com or major retail corporations like Target. The challenge for independent retailers stems from the cost and time involved in both developing an e-commerce web site and devising effective strategies for marketing the site. There's good news on both fronts.

In terms of developing an e-commerce site, independent retailers in a number of sectors have joined together and pooled their resources to build sophisticated e-commerce web sites. The technology is shared but sales are channeled to the customer's nearest local store.

A good example is Booksense.com, developed by the American Booksellers Association, a trade group of 3,500 local bookstores. Booksense.com works much like Amazon.com with a database of more than two million titles and easy browsing and ordering, but every sale is credited to the customer's nearest independent bookseller based on his or her zip code. Booksense.com enables bookstores to share many of the expensive, back-end functions (the database of books, the search engine, the security features, etc.) of an e-commerce site, but allows each store to create its own web interface with its own logo and look, local store information, promotions, and author readings and events listings. (See, for example, the Castine-based Compass Rose Bookstore & Café on-line at <http://compassrose.booksense.com>.)

***Booksense.com works much like Amazon.com, but every sale is credited to the customer's nearest independent bookstore.***

Other local bookstores have opted to affiliate with Booksite.com, developed by a bookstore owner in Delaware, Ohio. Booksite.com offers the same powerful back-end functions as Booksense.com, but enables greater control and customization for the local store. Similar initiatives have been undertaken in other retail sectors. Two of the hardware co-ops, for example, have developed e-commerce sites for their members—DoltBest.com and TrueValue.com. Florists have also created sites that enable customers to order flowers from their local florist.

Another approach is to organize not by sector but by community. All of the locally owned businesses in one town could share in the development of an e-commerce structure that would enable them to sell their wares online. Residents of Brattleboro or Bennington could log-on to a central site and shop at any of their local stores. Two types of businesses are obvious candidates for organizing and financing such a venture. One is the local newspaper. Newspapers are among the most heavily visited geographically based sites on the web (that is, almost all of their visitors are locals). The other is a community bank, which has a strong self-interest in boosting local commerce and a built-in capacity for processing credit cards and financial transactions. Other potential organizers of a community shopping site include a local nonprofit organization, an IBA or Chamber of Commerce, or even the municipality, which could also use the site to let residents pay parking tickets or download their children's grades.

Developing an e-commerce site is half the challenge. The other part is marketing the site. As the recent collapse of many dot-coms testifies, web-only retail companies face an almost impossible task. They must bank-roll an advertising campaign capable of creating a name for themselves and all of their revenue must come from on-line sales. Most fail. The lesson here is good news for independent businesses: e-commerce works best when it is conducted in tandem with a physical store. In fact, according to Jupiter Media Metrix, two-thirds of the return on investment from an e-commerce web site comes from purchases made in the physical store and from the overall "branding" value of building the store's image, marketing in-store events, and reaching new customers. Jupiter's research suggests

***The challenge for local retailers stems from the cost of developing an e-commerce web site and devising effective strategies for marketing the site to customers. There's good news on both fronts.***

that half of consumers use a retailer's web site for research before buying a product in the store. This in turn means that a sizable part of the marketing hurdle is reaching existing customers by promoting the web site in the store—a far more attainable prospect for independent businesses than the massive global advertising that many of the famous, and ultimately doomed, e-tailers undertook. Stores could promote their sites through banners and posters or by including a coupon good for on-line purchases with each in-store purchase—something that lets customers know that when they want the convenience of buying a hammer at 3:00 a.m. or a book delivered to their door, there's no need to send their dollars out of the community.



## Conclusion

A growing number of people around the country are recognizing the tremendous costs of losing locally owned businesses to uncontrolled big box sprawl: dying town centers; reduced job opportunities; economic instability; rising costs for public services and infrastructure; loss of open space; mushrooming automobile use; homogenous landscapes; and weakened communities. Altogether, it's a pretty high price to pay in order to save a few bucks—and even that upside may not last once the big chains gain a dominant share of the local market.

Although we often assume that the growth of chain retailers, big box stores, and large-scale shopping centers is the inevitable result of market forces, in truth it is a trend driven by both consumer and public policy choices. Many local, state, and federal policies facilitate chain store expansion and undermine the survival of local businesses. It's time to change the rules. Communities have choices. They need not relinquish their local economies to distant corporate control or accept a one-size-fits-all model of development.

This report outlines numerous concrete examples of how local officials, community organizations, and small businesses can take action to strengthen Maine's homegrown

economy. As noted in the introduction, the three primary approaches described—revising planning and zoning policies, implementing downtown revitalization and small business development programs, and building alliances among independent businesses—work best if pursued simultaneously. Downtown revitalization programs have little chance of success if local planning policies allow or encourage massive, competing retail developments on the fringe. Likewise, strong planning policies that limit excessive chain store growth may not be enough to revive local commerce without a proactive small business development plan. Cooperative efforts by local business owners to improve competitiveness and communicate their value to residents are essential to winning public support for new planning policies and revitalization programs.

For more information about the tools described in this report or assistance applying these approaches locally, review the Resources section and contact Maine Businesses for Social Responsibility and the Institute for Local Self-Reliance. We look forward to working with Maine communities to rebuild thriving downtowns and strengthen and expand locally owned businesses.

## Stay Informed

### **The Home Town Advantage Bulletin**

Keep abreast of the latest research and innovative strategies by signing up for *The Home Town Advantage Bulletin*. This free, bimonthly email newsletter reports on successful community efforts to strengthen locally owned businesses and limit chain store sprawl. Learn about innovative approaches to planning and economic development, effective public education campaigns, and new research on the economic benefits of locally owned businesses. To browse back issues and sign-up, visit [www.newrules.org/hta](http://www.newrules.org/hta)

### **MEBSR's ENews**

At the time of this printing there is a Buy Local Campaign starting up in Portland. MEBSR will be reporting on the progress of this campaign and others around the state as they are launched in its monthly ENews called Bottom Lines. To sign up for this email newsletter send an email to [info@mebsr.org](mailto:info@mebsr.org) and put “Subscribe to ENews” in the subject line.

## Resources

Institute for Local Self-Reliance  
(Head Office) 1313 5<sup>th</sup> St SE  
Minneapolis, MN 55414  
Maine Office: (207) 774-6792  
[www.newrules.org](http://www.newrules.org)

Maine Businesses for Social Responsibility  
PO Box 157  
Belfast, ME 04915,  
Tel: (207) 338-8908  
[www.mebsr.org](http://www.mebsr.org)

American Booksellers Association  
828 South Broadway  
Tarrytown, NY 10591  
Tel: (800) 637-0037  
[www.bookweb.org](http://www.bookweb.org)

Friends of Midcoast Maine  
88 Elm St.  
Camden, ME 04843  
Tel: (207) 236-1077  
[www.friendsmidcoast.org](http://www.friendsmidcoast.org)

American Independent Business Alliance  
222 South Black Ave.  
Bozeman, MT 59715  
Tel: (406) 582-1255  
[www.amiba.net](http://www.amiba.net)

"Get Real, Get Maine" program  
Maine Department of Agriculture  
Tel: (207) 287-3491  
[www.getrealmaine.com](http://www.getrealmaine.com)

Business Alliance for Local Living  
Economies  
165 11th St.  
San Francisco, CA 94103  
Tel: (415) 255-1108  
[www.livingeconomies.org](http://www.livingeconomies.org)

Grow Smart Maine  
81 Bridge St.  
Yarmouth, ME 04096  
Tel: (207) 847-9275  
[www.growsmartmaine.org](http://www.growsmartmaine.org)

Coastal Enterprises Inc.  
36 Water St.  
Wiscasset, ME 04578  
Tel: (207) 882-7552  
[www.ceimaine.org](http://www.ceimaine.org)

Maine Association of Community Banks  
489 Congress Street  
Portland, ME 04101  
Tel: (207) 791-8400  
[www.mecb.com](http://www.mecb.com)

Cooperative Development Institute  
277 Federal St.  
Greenfield, MA 01301  
Tel: (413) 774-7599  
[www.cooplif.com](http://www.cooplif.com)

Maine Business Works  
[www.mainebusinessworks.org](http://www.mainebusinessworks.org)

Maine Dept. of Econ. and Com. Dev.  
59 State House Station  
August, Maine 04333  
Tel: (207) 624-9804  
[www.econdevmaine.com](http://www.econdevmaine.com)  
(request a copy of *The Pocket Guide to  
Maine's Business Resources*)

Maine Downtown Center  
45 Memorial Circle, Suite 302  
Augusta, ME 04330  
Tel: (207) 622-6345  
[www.mdf.org/downtown](http://www.mdf.org/downtown)

Maine Eat Local Food Coalition  
PO Box 188  
Unity, ME 04988  
Tel: (207) 883-6773  
[www.meepi.org/elfc](http://www.meepi.org/elfc)

Maine Organic Farmers and Gardeners Assn  
PO Box 170  
Unity, ME 04988  
Tel: (207) 568-4142  
[www.mofga.org](http://www.mofga.org)

Maine Pharmacy Association  
127 Pleasant Hill Road  
Scarborough, ME 04074  
Tel: (207) 396-5340  
[www.mparx.com](http://www.mparx.com)

Maine Small Business Alliance  
One Bangor St.  
Augusta, ME 04330  
Tel: (207) 622-6500  
[www.msb-alliance.org](http://www.msb-alliance.org)

Maine Small Business Development Centers  
University of Southern Maine  
P.O. Box 9300  
Portland, ME 04104  
Tel: (207) 780-4420  
[www.mainesbdc.org](http://www.mainesbdc.org)

Maine State Planning Office  
38 State House Station  
184 State St.  
Augusta, ME 04333  
Tel: (207) 287-3261  
[www.state.me.us/spo](http://www.state.me.us/spo)

National Cooperative Business Association  
1401 New York Ave. NW Suite 1100  
Washington, DC 20005  
Tel: (202) 638-6222  
[www.ncba.org](http://www.ncba.org)

National Main Street Center  
National Trust for Historic Preservation  
1785 Massachusetts Ave. NW  
Washington, DC 20036  
Tel: (202) 588-6219  
[www.mainstreet.org](http://www.mainstreet.org)

New England Booksellers Association  
1770 Massachusetts Ave. #332  
Cambridge, MA 02140  
Tel: (617) 576-3070  
[www.newenglandbooks.org](http://www.newenglandbooks.org)

Sprawl-Busters  
21 Grinnell St.  
Greenfield, MA 01301  
Tel: (413) 772-6289  
[www.sprawl-busters.com](http://www.sprawl-busters.com)

Training & Development Corporation  
118 School St.  
Bucksport, ME 04416-1669  
Tel: (207) 469-6385  
[www.tdc-usa.org](http://www.tdc-usa.org)

United Food and Commercial Workers  
1775 K Street, N.W.  
Washington, DC 20006  
Tel: (202) 223-3111  
[www.ufcw.org](http://www.ufcw.org)



## Notes

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<sup>3</sup> Dan Cullen, "Independents Hold Market Share for 2001; Market Share by Dollar Grows," *Bookselling This Week*, April 18, 2002.

<sup>4</sup> "2003 Market Measure," *Do-It-Yourself Retailing*, November 2002.

<sup>5</sup> Mary Hendrickson, Ph.D., William D. Heffernan, Ph.D., Philip H. Howard and Judith B. Heffernan. "Consolidation in Food Retailing and Dairy: Implications for Farmers and Consumers in a Global Food System," National Farmers Union, January 8, 2001.

<sup>6</sup> "Top 100," *Nation's Restaurant News*, June 24, 2002.

<sup>7</sup> Dr. Kenneth Stone, "Competing with the Discount Mass Merchandisers," Iowa State University, 1995; Dr. Kenneth Stone and Georgeanne M. Artz, "The Impact of 'Big-Box' Building Materials Stores on Host Towns and Surrounding Counties in a Midwestern State," Iowa State University, 2001.

<sup>8</sup> Thomas Muller and Elizabeth Humstone, "What Happened When Wal-Mart Came to Town? A Report on Three Iowa Communities with a Statistical Analysis of Seven Iowa Counties," National Trust for Historic Preservation, May 1996.

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<sup>9</sup> Land Use, Inc. and RKG Associates, "Greenfield, Massachusetts: Fiscal and Economic Impact Assessment of the Proposed Wal-Mart Development," April 2, 1993.

<sup>10</sup> Thomas Muller, "The Fiscal and Economic Impact of a Proposed Shopping Center Project on the City of Leominster," August 2003.

<sup>11</sup> Vermont Environmental Board, Re: St. Albans Group and Wal-Mart Stores, Inc., Findings of Fact, Conclusions of Law, and Order (Altered), Application #6F0471-EB, June 27, 1995.

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<sup>14</sup> "Everyday Low Wages: The Hidden Price We All Pay for Wal-Mart," A report by the Democratic Staff of the Committee on Education and the Workforce, U.S. House of Representatives, February 16, 2004.

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<sup>16</sup> Tischler & Associates, "Town of Barnstable: Fiscal Impact Study of Non-Residential Land Use Prototype Summary," July 2002.

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<sup>20</sup> Tom Schueler, The Center for Watershed Protection, "The Importance of Imperviousness," *Watershed Protection Techniques*, Fall 1994. Schueler, et al., "The Benefits of Better Site Design in Commercial Development." *Watershed Protection Techniques*, January 2000.

<sup>21</sup> Maine Department of Public Health, Bureau of Elder and Adult Services, "Maine Drug Pricing Survey," 2002.

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<sup>23</sup> Hailey Comprehensive Plan, Section Six: Economic Development; Constance Beaumont, *Smart States, Better Communities*, Washington: National Trust for Historic Preservation, 1996, p. 310.

<sup>24</sup> Steve Lopez, "The Battle of Downtown," *Time Magazine*, July 10, 2000.

<sup>25</sup> Further information on the zoning policies described in this section can be found in the Vermont Forum on Sprawl's "Exploring Sprawl: The Causes and Costs of Sprawl in Vermont Communities," available at [www.vtsprawl.org](http://www.vtsprawl.org), and *Community Rules: A New England Guide to Smart Growth Strategies*, published in 2002 by the Conservation Law Foundation and the Vermont Forum on Sprawl.

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<sup>29</sup> *Dollars and Sense: The Cost Effectiveness of Small Schools*, The Rural School and Community Trust, September 2002, and *Why Johnny Can't Walk to School*, National Trust for Historic Preservation, 2000.

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<sup>31</sup> National Cooperative Bank, *Top 100 Cooperatives*, 2001.

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<sup>35</sup> Matt Hines, "E-tailers ring up a big year," *CNET News.com*, January 5, 2004.

<sup>36</sup> Michael Hoynes, "The Current World of Online Shopping," *Bookselling This Week*, February 11, 2002.

# I'm Interested!

*Please contact me about...*

- **Buy Local Campaigns planned for these regions (starting up in 2006-2008)**

\_\_\_\_\_ Portland

\_\_\_\_\_ Southern Midcoast

\_\_\_\_\_ Northern Midcoast

\_\_\_\_\_ Lewiston-Auburn

\_\_\_\_\_ Bangor-Brewer

\_\_\_\_\_ York County

\_\_\_\_\_ Gardiner-Augusta-Waterville

\_\_\_\_\_ Ellsworth-Bar Harbor

- **Statewide Economic Leakage Analysis**

(where Maine dollars leave the state ~ potential new business opportunities)

\_\_\_\_\_ I am a potential sponsor

\_\_\_\_\_ I would like to be involved in the project or know someone who would

\_\_\_\_\_ I would like a copy of the analysis when it is completed

\_\_\_\_\_ Other \_\_\_\_\_

- **Educational Programs for Maine businesses related to local living economies**

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