

Economy

Overview

As detailed in the *Historical and Archaeological* chapter, Kennebunk in the 19th century and early 20th century was a factory town. The Mousam River provided water power for mills of all kinds, including the Kennebunk Manufacturing Company, the Mousam Manufacturing Company, the Leatheroid Company and the Rogers Fibre Company. By the early 1970s, they had largely closed down, and there was concern that with the loss of manufacturing jobs, the town would become a bedroom community.

That has largely not happened. A few manufacturing concerns still exist, but the local economy is far more diverse. There are employment opportunities available for professionals such as educators, banking and insurance specialists, medical practitioners, and in a host of companies that offer jobs that do not require a college degree, such as restaurants, retail and hospitality, plus a thriving real estate industry that also supports property managers, landscapers, home repair specialists, lumberyards, and construction companies. Public utilities, including high speed internet service and three phase power, are readily available to support the needs of local businesses.

That said, the economy of Kennebunk and surrounding towns is heavily dependent on the seasonal tourist industry, and also a strong market in senior support services, both non-medical and medical. Many businesses are small. The largest non-tourism employers in Kennebunk are Corning Life Sciences, Hannaford, Home Instead Senior Care, Kennebunk Center for Health, the RSU-21 school system, Tom’s of Maine and the Town of Kennebunk. Some residents commute to jobs in other towns – 72% within York County and 21% outside York County. Some people who are employed by the larger employers in Kennebunk live in surrounding towns that have lower housing costs.

Out of 5,858 Kennebunk residents 16 and older currently in the labor force, the 2019 American Community Survey shows the number of Kennebunk residents employed in the following employment categories:

Category	Number	Percentage
Educational, health care, social assistance	1454	24.8%
Retail trade	725	12.3%
Professional, scientific, management, administrative, waste management services	556	9.5%
Arts, entertainment, recreation, accommodation, food services	513	8.75%
Manufacturing	485	8.28%
Construction	346	5.9%
Finance, insurance, real estate, rental, leasing	324	5.53%
Public administration	323	5.51%
Other administrative services	230	3.9%
Information	213	3.63%
Transportation, warehousing, utilities	147	2.5%
Wholesale trade	83	1.4%

Source: <https://data.census.gov/cedsci/table?q=Kennebunk,%20Maine%2004043&tid=ACSST5Y2019.S0801>

Although some shops and restaurants shut down over the winter, many stay open at least partially. During the summer, these businesses are typically open extra hours, and part-time seasonal employment opportunities benefit students, retirees and school employees. Home occupations are well represented in Town, including lobstermen storing their traps and gear at home, artists, photographers, wellness and counseling, woodworkers,

small farm stands, home services, dog walkers and horseback riding to name a few. Home occupations are permitted in all districts; those in the Coastal Residential District are restricted to specific types.

Residents can satisfy most daily needs within the Town borders. A State Bureau of Motor Vehicles office is located on Portland Road. There are opportunities for Kennebunk entrepreneurs to offer niche services not available as of the time of this writing – ethnic eateries, clothing and products for babies and children, and a yarn/craft shop are examples of under-served categories mentioned to the Chamber of Commerce. Based on public feedback, residents value the “small-town charm” and do not want big box stores, factory outlets, car dealerships or any overly-large businesses that differ from the scale and massing of existing buildings. Those products and services are all available a town or two away, notably in Kittery, Biddeford, Saco and South Portland.

A list of Kennebunk’s largest employers in 2019 shows a pattern similar to the larger economic region that encompasses York County. The list is dominated by service industries, most significant among them health and education. No employer is anywhere near dominant in the town or in the region.

Town of Kennebunk – Largest Employers – 2019		
Corning	Medical Lab Equipment	531
RSU 21	School System	438
Kennebunk Savings	Banking and Insurance	300
Town of Kennebunk	Town Government	295
Hannaford	Food & Pharmacy	180
Huntington Common	Assisted Living Facility	154
Home Instead Senior Care Services	Home Care Services	150
Kennebunk Center for Health & Rehab	Assisted Living and Rehabilitation	126
RiverRidge Center	Brain Injury Rehabilitation	122
Southern Maine Health Care/Primary Care	Health Care	119
HMS Host	Turnpike Services	100
Northeast Coatings	Surface Coatings	97
The Hissong Group	Construction & Property Management	94
Atria	Assisted Living Facility	54
Plixer	Software	50
Garrett-Pillsbury	Plumbing, Heating and Petroleum Distributor	45
KKW Water District	Water Utility	42
Tom’s of Maine	Consumer Products	40
Bergen & Parkinson	Law Firm	39
Downeast Energy	Petroleum Distributor	38

Source: Town of Kennebunk Finance Director

2020 Covid-19 Effects

The State Department of Administrative and Financial Services provides staff support for the Consensus Economic Forecasting Commission (CEFC), an independent group of economists who forecast Maine's economy. The CEFC meets twice a year to update its economic forecast, which is used in establishing the revenue forecast for the State. The Commission forecasts four key indicators: wage and salary employment, personal income (by component), the Consumer Price Index, and corporate profits. According to its February 2021 report, the pandemic resulted in steeper job losses for low wage service industry workers than other industries. Job loss bottomed out in the second quarter of 2020, with gradual improvement in the subsequent months. The State

sees a “K-shaped” recovery for low-wage versus middle- and high-wage jobs. Leisure, entertainment, event venues and hospitality are still the furthest from recovery, and saw the most impact. Labor force participation and employment income losses have been more severe for women, people of color, younger workers and households with children (as the availability of child care was reduced). The number of jobs remains below pre-pandemic levels, although as 2021 progressed, the situation improved somewhat. In early 2021, York County unemployment claims were the second highest among Maine counties, due to both the county’s relatively high population and the number of jobs in leisure and hospitality; this has since rebounded. Local food banks reported record high demand for many months. In late 2021, as the more-contagious Covid-19 Delta variant has increased infection rates (after a few months of improvement), it has become apparent that some workers moved to occupations perceived as providing less virus exposure, better hours, and higher pay. These changes have left many businesses, particularly restaurants, short-staffed, with many open reduced hours. Summer tourism was far busier than in 2020, and businesses struggled to serve customers.

Different segments of the economy have been impacted by the pandemic in different ways. For instance, 2020 Maine home sales reached levels not seen since the 2014-2016 period, and the median price of homes is at an all-time high. Single family, condo and duplex home sales to out-of-staters are up, but it is too early to know if they will be temporary or permanent residents. Conversely, commercial real estate sales are down, along with the value of such properties, with the future difficult to predict at the moment. Nationally, Chapter 11 bankruptcies were 30% higher than the previous four years, according to *The Washington Post*. In 2020, residents stayed close to home, with February 2021 data showing a 12.2% year over year drop, and a 25.9% year over year decrease in the number of people traveling to a workplace, which would indicate either the ability to work from home, or that employers laid off or furloughed employees. In Kennebunk, many customer-facing businesses made changes to respond to changing conditions: retailers pivoted to online sales; restaurants moved to take-out, and where possible, outdoor dining; campgrounds eliminated tent sites and communal bath areas, and made space for additional RVs. Financial sector businesses and manufacturing were largely unaffected. Health care bounced back after some offices shut down or reduced patient contact early in the pandemic, although the retirement of multiple long-time primary care physicians has created a hole in the available services. The RSU-21 school system took a hybrid approach to classes at the end of the 2020-2021 school year, but returned to on-campus classes in September 2021. Outdoor recreation took on new importance, with bike and kayak rentals strong and use of beaches and walking trails at very high levels.

Centers of Commerce

Kennebunk has three villages, two of which are primary focal points of economic activity. The first is the Downtown. The most “walkable” part stretches along Route 1 from the Mousam River to Summer Street, and has been the target of a major infrastructure revitalization program in recent years. As part of the revitalization program, the Town planted extensive flower beds along Route 1 through the Downtown, and maintains them through the growing season, which draws walkers who use local businesses. The Brick Store Museum on Route 1 draws visitors from the region who are interested in the town’s history, a subject well represented in the National Historic District on Summer Street, which begins just a few steps from the Museum. The Downtown Business District extends south along York Street for several miles to include a very diverse range of businesses, some of which are part of



Town employees plant flower beds in Downtown Kennebunk

Kennebunk’s strategy of developing a “Home Improvement Mile” featuring products and services for the home.



A typical summer day on Western Avenue in Lower Village

The Downtown also extends north along Portland Road, which is home to a number of small shopping centers, drug stores, banks, offices, eateries and a large grocery store. There are few vacancies.

Kennebunk’s second largest focal point for businesses is Lower Village, which is just across the river from well-known Kennebunkport’s Dock Square. Lower Village does serves local residents, but its primary focus is as a tourist mecca, offering multiple bars, restaurants, shops, boat cruises, and lodgings. Infrastructure improvements have taken place in the past several years, and Town-maintained plantings provide seasonal color. There are no site vacancies. Public restrooms are available in multiple locations throughout the Lower

Village and Dock Square area. In 2019, from May through late October, this area had over 40,000 visitors who arrived by bus, with 600+ tour buses coming from cruise ships that dock in Portland and transport visitors to the parking lot at Performance Marine, and another 200+ motorcoach buses from 46 states that dropped passengers in Dock Square. Bus visitors are typically in town from 1-3 hours, usually during the early afternoon, with time for a meal and shopping; some also take Performance Marine’s Scenic Lobster Cruise. The Chamber of Commerce provides support for bus visits by working with restaurants and shops to ensure staffing is adequate to accommodate a rush of visitors on specific days. In 2020 and 2021, due to Covid-19 restrictions, cruise ships did not run. In 2021, with reduced restrictions, motorcoach visits were approximately 40% of 2019 levels.



Cruise ship passengers walk back to their parked buses after a visit to town

The Town’s third village, West Kennebunk, provides basic services such as a post office and convenience store, with a cluster of larger businesses next to the Maine Turnpike interchange and in the Turnpike rest stop, serving as the hub of a small, but growing, residential district. There are no site vacancies. Sewer is not available to all business locations in the village.

Town Policies and Future Economic Growth

Kennebunk’s Zoning Ordinance is designed to encourage various forms of development (residential, industrial, mixed use) in specific zones, to create space for appropriate economic development, while protecting the character and natural resources of those zones. In addition to the definition of specific districts in terms of use, setbacks, lot coverage, etc., the Ordinance contains Articles addressing (among others) Open Space Standards, Performance Standards, Site Plan Review, and Historic Preservation. In recent years, new standards pertaining to signage and design review have been enacted in order to maintain the “small-town” character of Kennebunk in commercial and mixed-use zones.

Kennebunk has a number of “business friendly” zones – including two Industrial Park Districts; one Business Park District; the York Street, Lower Village and West Kennebunk Mixed Use Districts; a Suburban Commercial District and the Downtown and Upper Square Business Districts. To aid businesses in the densely-developed Downtown

Business, Lower Village Business, West Kennebunk Village and Upper Square zoning districts in serving customers, the Town allows a 20% reduction (or 10 spaces, whichever is higher) in the number of required parking spaces if delineated public on-street parking spaces and/or a parking lot owned or operated by the Town of Kennebunk for public use are located within a 1,000 foot radius of the proposed use(s). In addition, the off-street parking requirement for any first floor retail, restaurant eating or drinking place use may be reduced by up to 10 parking spaces. *(See Transportation chapter for a list of all parking lots, and number of spaces provided.)*

The Town has also enacted eight Contract Zones since 2004, several of which were intended to accommodate economic development that otherwise would have been prohibited under the existing ordinance.

Future economic development will also be supported by TIF funds *(see below)* which are intended primarily for improvements to infrastructure necessary to support a healthy and growing economy, and the continued efforts of the Town's Economic Development Committee *(see below)*, which is dedicated to supporting and attracting new businesses to Kennebunk.

The Kennebunk-Kennebunkport-Arundel Chamber of Commerce is based in Kennebunk and supports 500+ business members throughout the three towns with marketing initiatives, guidance and events. A link to the Chamber's website: www.gokennebunks.com

Kennebunk is also one of 39 member communities of the Southern Maine Planning and Development Commission – Southern Maine's primary regional entity for coordinated planning among its towns. SMPDC's mission is to support its member communities in the areas of economic development and resource management. A link to SMPDC's most recent (2018) Regional Economic Development Plan: <https://smpdc.org/vertical/sites/%7B14E8B741-214C-42E2-BE74-5AA9EE0A3EFD%7D/uploads/SMPDC-2018-CEDS.pdf>

Economic Development Committee and the Strategic Economic Development Action Plan (SEDAP)

The Town's Economic Development Committee (EDC) is appointed by the Select Board and meets monthly to discuss strategic economic development issues as well as to help individual business owners move specific business opportunities towards reality. The mission statement of the Economic Development Committee is to guide, assist and enhance economic development within the community that is synergistic with the goals and actions of the Strategic Economic Development Action Plan (SEDAP).

In 2016, the EDC completed the three-year process of creating the SEDAP with numerous goals and strategies to be addressed by Town committees and staff. That plan was formally presented to the Select Board, is considered a working blueprint for the EDC to follow, and is incorporated verbatim as an appendix to this Comprehensive Plan.

In the context of the SEDAP, economic development in Kennebunk is defined as a series of concerted actions to promote a standard of living and quality of life consistent with the desires of Kennebunk citizens. Such actions include the development of related zoning standards, economic incentives, business attraction and retention efforts, and marketing programs that are sustainable and consistent with town-wide goals. These activities occur within a broader, community development context. The SEDAP, and other current projects such as the Town Branding Project and a Town Connectivity Project, with a Town Business Creativity Project also waiting in the wings, are used in lieu of a formal five-year economic development plan.

In its role, the EDC provides oversight to ensure that the plan goal and strategies are implemented. The EDC provides advocacy, assistance, and communications about economic development-related matters to three constituencies within the town:

- **Town Management** – by providing a forum to help in the examination, formulation and implementation of the Town’s economic development policies and programs; participating in public awareness/education efforts to facilitate implementation of policies and programs; and providing help with special projects to assist Town Management
- **Select Board** – by providing objective, independent input and recommendations to the Board regarding economic development policies and programs being considered by Town management; and providing recommendations regarding the utilization of TIF funds
- **Town Businesses and the Public** – by providing advocacy to these groups about economic development-related issues and providing liaison to the Town as required; implementing educational programs for town businesses; and providing communications support for Town Economic Development related issues and programs

As part of the SEDAP process, the EDC established an initial set of guiding principles:

- *A primary focus is the creation of quality, skilled jobs focused on the skill sets of the community, in particular, our youth;*
- *Any economic program shall be consistent with maintaining the quality of life and experience one presently enjoys here in Kennebunk;*
- *Economic development actions will consider the community’s stewardship of its natural resources;*
- *Any program or action will make use of the community’s network of citizen talents and cultural links;*
- *The Committee will continue to operate a business-friendly delivery system, including the provision of important information about the community and its businesses that will further our mission;*
- *Every place is special, every place is part of the whole; and*
- *Kennebunk has a story to tell—let’s be organized and tell it.*

Tax Increment Financing Districts

Under Maine law, in 2006 and again in 2010, the Town established Tax Increment Financing (TIF) Districts to build or improve public infrastructure, to repay principle and interest on any indebtedness incurred to fund such infrastructure, and for expenditures to promote economic development within each TIF as prescribed by the underlying state-approved TIF agreements. The EDC recommends TIF Funding allocations, obtains committee and citizen input, and reports its findings to the Town Manager, Staff and Select Board. TIF funds provided extensive façade improvements to several Downtown and West Kennebunk buildings, resulting in the addition of nearly a dozen new businesses, and aided in the replacement of an abandoned Main Street gas station with the Town’s well-used Waterhouse Center.

Current status of the Tax Increment Financing Districts is summarized below:

TIF District	Route 1	West Kennebunk	Lower Village
Expires	3/29/2036	3/29/2036	3/30/2040
Original Assessed Value – \$ Mil.	36.8	39.8	6.1

Current Assessed Value - \$ Mil.	100.7	101.3	16.2
Captured Assessed Value - \$ Mil.	63.9	33.4	10.1
June 30, 2020 Fund Balance - \$ Thou.	245.3	1,1016.6	25.7

Source: Town of Kennebunk 2020 Audited Financial Statements

One of the key features of a TIF is that it allows the municipality to shelter the new valuation within the TIF District from the calculations of State revenue sharing, State education subsidy and County tax assessment.

For fiscal year 2021, these shelters benefitted the Town by the following estimated amounts:

School State Aid	State Revenue Sharing	Reduction in County Assessment
\$654,973	\$41,549	\$44,069

Source: Town of Kennebunk Finance Director

Community Support for Economic Growth

In support of economic growth, the Town, the Kennebunk-Kennebunkport-Arundel Chamber of Commerce and several volunteer Committees are very active in promoting the history of Kennebunk and its recreational opportunities.

Examples are:

- The Chamber’s annual multi-day June event “LAUNCH” to celebrate Kennebunk and Kennebunkport’s maritime history;
- Wayfinding signs;
- Parks & Recreation Department-provided shuttle transportation during the two busy “Christmas Prelude” weekends;
- Coordination of road closures and Fire Rescue support for a number of annual road races through the community;
- Installation and maintenance of a “Museum in the Streets” network of 25 signs informing residents and visitors of important historic events and locations;
- Seasonal staffing of the Chamber’s visitor information center in Lower Village;
- Current multi-departmental work on a Town branding project;
- The Chamber’s summer monthly “Art Trail” events to showcase Town artists and galleries.



Goals, Policies and Strategies

State Goal:

- Promote an economic climate that increases job opportunities and overall economic well-being.
- Encourage municipalities to develop policies that lessen the effect of excessive parking requirements for buildings in downtowns and on main streets and provide for alternative approaches to compliance relating to the reuse of upper floors of buildings in downtowns and on main streets.

Local Goals:

- To preserve and expand the base of nonpolluting manufacturing, distribution, healthcare, financial services, food and lodgings services and high technology activity in Kennebunk;
- To assure a supply of industrially zoned land that is near public utilities and that has good access to the regional transportation system, particularly the Maine Turnpike;
- To support tourism as a vital part of the local economy, but manage it so that it enhances the Town's historic, architectural and scenic features and does not compromise the qualities that make Kennebunk unique;
- To support the local arts community and promote the town as a center for cultural, social and educational programs;
- To diversify the local economy;
- To maintain and actively foster Downtown Kennebunk, Lower Village and West Kennebunk Village as vital commercial areas, and to preserve their traditional village pattern of development;
- To maintain and actively foster small scale, neighborhood-oriented commercial uses in the Downtown, Lower Village and West Kennebunk Village;
- To support working from home as a rational form of land use provided it does not cause nuisances in the neighborhoods or alter the residential character of neighborhoods.

Policies:

- To support the type of economic development activity the community desires, reflecting the community's role in the region.
- To make a financial commitment, if necessary, to support desired economic development, including needed public improvements.
- To coordinate with regional development corporations and surrounding towns as necessary to support desired economic development.

Strategies

Timeframes: Short term = 0-3 years; Medium term = 3-5 years; Long term = 5+ years

Description	Timeframe	Responsible Parties
<i>Continue to develop the Town as a regional financial center</i>	<i>Ongoing</i>	<i>Economic Development Committee</i>
<i>Continue to assign responsibility and provide financial support for economic development activities to the Town Economic Development Committee, and discuss need for Town Economic Development Director</i>	<i>Ongoing</i>	<i>Select Board, Town Manager</i>
<i>Continue to consider appropriate means of financing economic development, whether by tax dollars, creating new tax increment financing districts, a Community Development Block Grant or other grants, bonding, or impact fees</i>	<i>Ongoing</i>	<i>Select Board, Finance Director</i>
<i>Use ESRI data and mapping systems from SMPDC to identify where Kennebunk dollars are being spent in and out of town to find gaps where goods and services are not locally available and where localization would be beneficial</i>	<i>Medium Term</i>	<i>Economic Development Committee</i>
<i>Diversify the tourism industry by incorporating trails, parks and the beach into an eco-tourism program, in concert with Kennebunkport and Arundel</i>	<i>Medium Term</i>	<i>Economic Development Committee</i>
<i>Take advantage of Kennebunk's location and central access to the Turnpike by promoting its presence at the Turnpike rest area with business-oriented promotional materials</i>	<i>Medium Term</i>	<i>Economic Development Committee</i>

<i>Combine the current project to create a branding and marketing program for Kennebunk with the need to improve first impressions at our “gateway” locations, with review of existing wayfinding signage</i>	<i>Medium Term</i>	<i>Economic Development Committee</i>
<i>Support the creative economy (professionals in the technology, arts, engineering and other creative economy sectors) by inventorying and understanding the level and types of creative talent in the community and developing a focused attraction strategy for specific technical and professional sectors, and establishing a program that links youth, schools and new companies to the creative economy, in concert with Kennebunkport and Arundel</i>	<i>Long Term</i>	<i>Economic Development Committee</i>
<i>Evaluate zoning classifications next to state and interstate transportation corridors to preserve adjacent land for potential non-residential reuse, e.g., train, I-95</i>	<i>Long Term</i>	<i>Planning Board</i>
<i>Begin to develop a regional economic plan to summarize, evaluate savings from joint projects and sharing, and further discussions on additional initiatives, especially with Arundel and Kennebunkport, due to existing RSU relationship</i>	<i>Long Term</i>	<i>Select Board, Finance Director, Economic Development Committee</i>