

Chapter 12

The Local Economy



Photo: Tom Morgan

Introduction

Fishing was the primary focus of Kennebunkport's economy throughout the 17th & 18th centuries. That industry continues to be an important sector in the local economy to the present day.

Immediately following the Revolutionary War, there was a substantial demand in New England for ships that were sufficiently seaworthy to travel the globe. The shipbuilding skills of local residents was key to launching the industry on the Kennebunk River that dominated the town's economy for the duration of the 19th century.

The arrival of the railroad in the mid-19th century enabled convenient and relatively comfortable travel from US cities. The rail was oftentimes combined with connections to and from coastal steamships that plied New England's coastline. Affluent Americans began to escape the heat and humidity of urban areas, and flock to Kennebunkport to enjoy a more comfortable and healthy summer climate.

Sprawling cottages were erected throughout Cape Arundel to help ensure that the summer migrants would enjoy the creature comforts to which they had long been accustomed.

Boating and golfing were major pastimes for the summer residents. Local service industries rose up in response to this new market.



Canoeists at the Kennebunk River Club, late 19th century. Photo courtesy of the Library of Congress.

The advent of the automobile put Kennebunkport within easy reach of many new travelers of more modest means. They would typically stay for a few days. By the end of the 20th century, two trends were evident: 1) the number of visitors continually increased; and 2) the majority stayed for only one day.

Another significant trend in the latter half of the 20th century was the arrival of retirees. Some are year round, others seasonal. Many have sufficient disposable income to help sustain local businesses when the summer tourists have left for the season.

The Dock Square area hosts the highest concentration of tourist-related businesses, while Cape Porpoise remains the center the town's commercial fishing industry, as it has for nearly four centuries.

Conditions & Trends

Workforce Characteristics

As of 2019, 1,916 of Kennebunkport residents aged 16+ were participating in the workforce.¹

Prior to the COVID-19 pandemic of 2020-2021, approximately 10% of Kennebunkport residents in the workforce worked from home.² Anecdotal evidence suggests that the pandemic caused that percentage to increase substantially, and correspondingly, this led to a decline in gasoline sales. It remains to be seen whether these trends will be lasting ones.

Kennebunkport is well situated in terms of permitting work from home, for broadband internet is available throughout town at speeds up to 940mbps.³

A sizable majority of the town's workforce is engaged in private enterprise, as seen in the chart to the right.

Class of Worker - Kennebunkport

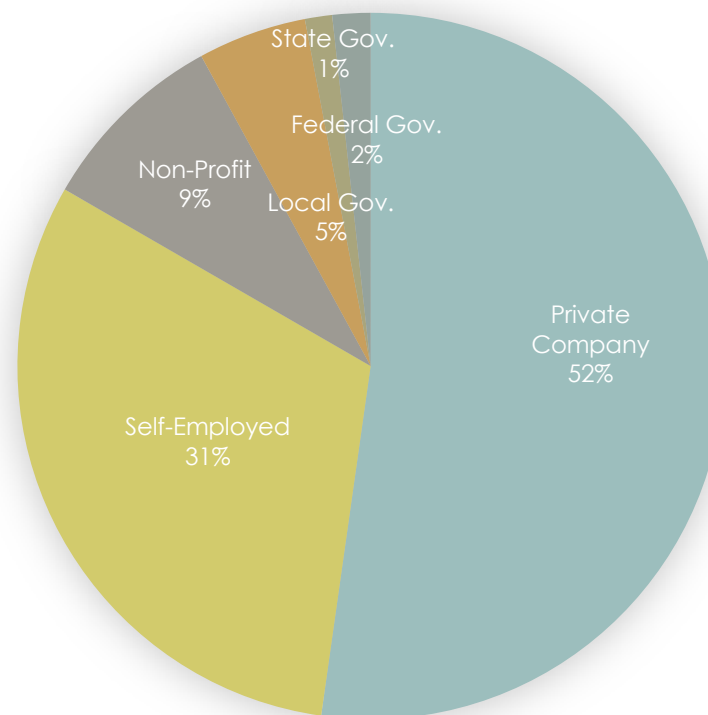


Figure 12-1 Class of Worker for Full-Time, Year-Round Civilian Employed Population 16 Years & Over (Source: ACS 5-year estimates, 2018, Table S2409)

Employment by Industry

The chart to the right depicts Kennebunkport's workforce categorized by industry. The data is fairly current (2018), but represents only a sampling of the town's working population. More complete data will be provided by the decennial census returns.



Photo: Tom Morgan

The data reveals that the bulk of Kennebunkport's workforce is engaged in education, health care, accommodation, and food services.

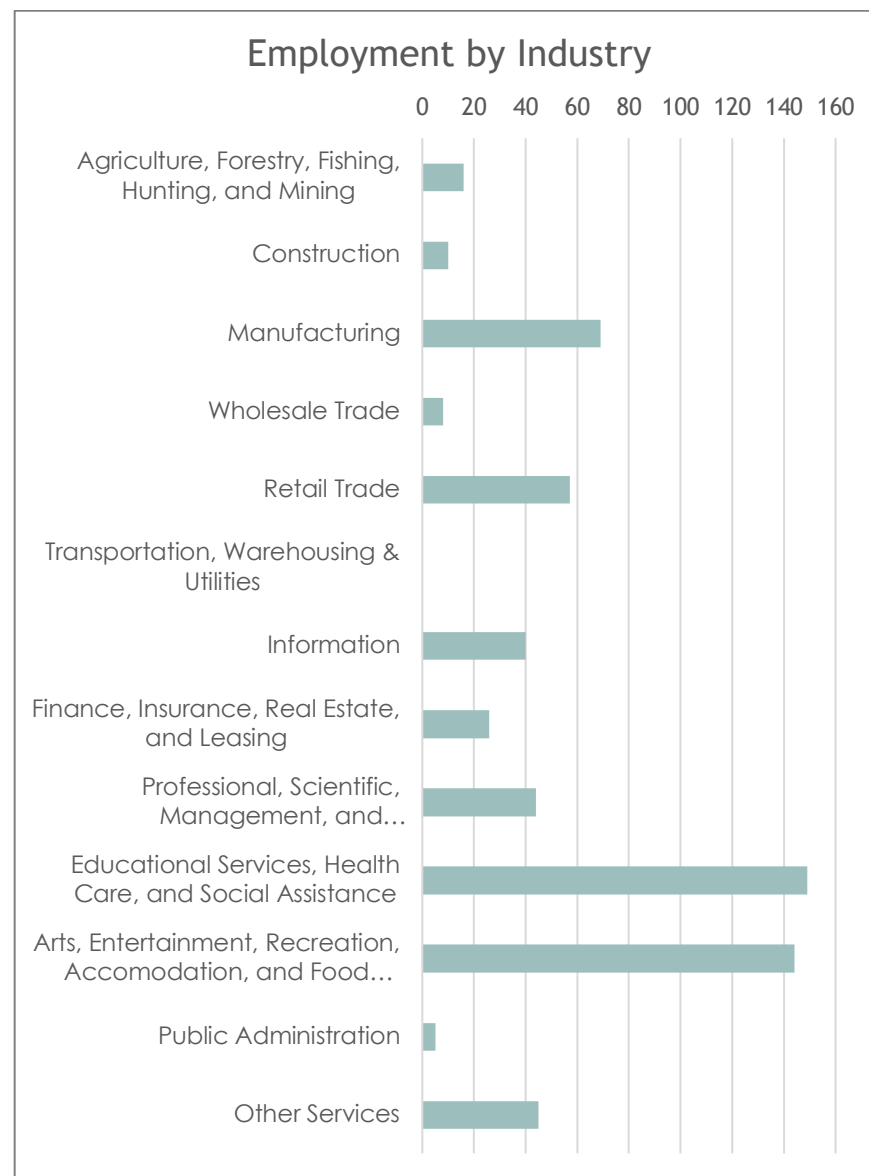


Figure 12-2 Industry by Sex for the Civilian Employed Population 16 Years & Over (Source: ACS 5-year estimates, 2018, Table S2403)

Major Employers

Kennebunkport's major employers are listed below and to the right. Note that the three largest employers are hotels or resorts, each employing in excess of 100 staff. The next three largest employers (50 to 99 employees) are also in the hospitality industry.

Table 12-1 Major Employers (Source: Maine Department of Labor)

Employer	Number of Employees			
	10 to 19	20 to 49	50 to 99	100 to 249
Alisson's Restaurant		X		
Arundel Wharf Restaurant			X	
Bartlett Tree Experts	X			
Blackrock Farm	X			
Brown R H Excavating	X			
Cape Arundel Golf Club		X		
Cape Arundel Inn & Resort		X		
Cape Porpoise Kitchen	X			
Cape Porpoise Lobster Co.	X			
Captain Jeffords Inn	X			
Captain Lord Mansion	X			
Colonial Pharmacy	X			
Colony Hotel				X
Compliments	X			
Daash LLC	X			
Daytrip Society	X			
Dock Square Clothiers		X		
Edwin L Smith Preserve	X			
Estates On the Beach	X			
Four Acres Cottages	X			

Employer	Number of Employees			
	10 to 19	20 to 49	50 to 99	100 to 249
Hidden Pond Resort				X
Hurlbutt Designs		X		
Hurricane Restaurant		X		
Intown Trolley Company	X			
Jack-Renee's	X			
Kennebunk River Club	X			
Kennebunkport School		X		
Kennebunkport EMS Dept			X	
Kennebunkport Inn			X	
Kennebunkport Police	X			
Lodge On the Cove		X		
Mabel's Lobster Claw		X		
Maine Stay Inn & Cottages	X			
Nonantum Resort				X
Nunan's Lobster Hut		X		
Ocean Woods Resort	X			
Old Salt's Pantry	X			
Pier 77 Restaurant	X			
Portside Lodge			X	
Rhumb Line Resort		X		
Saxony Imports	X			
Sea Glass Jewelry Studio	X			
Spang Builders	X			
Stripers Waterside	X			
Thibodeau Landscaping	X			
US Post Office		X		
Wildes Fire District		X		
Yachtsman Lodge	X			

Unemployment Rate

The unemployment rate for Kennebunkport and statewide, from January 2019 through October 2020 is depicted in the chart below. Note that Kennebunkport's rate tracks that of the state quite closely, and is consistently slightly lower.

During the summer of 2019, the unemployment rate dipped slightly below 2%, a figure that economists generally consider to be de facto full employment. This low rate suggests a labor shortage in the town's tourist related businesses. In fact, local restaurants and lodging establishments have come to rely upon college-age students from eastern Europe to fill the gap, however the US government recently reduced the number of visas issued, a development that exacerbated the seasonal labor shortage. This challenge for local businesses is compounded by a dearth of affordable options for housing the seasonal labor.

The dramatic spike in the unemployment rate from April through September 2020 reflects the impact of the COVID-19 pandemic on Kennebunkport's business community. Many would-be tourists stayed home. The York County Coast Star described the peak of the 2020 summer as a "down season."⁴

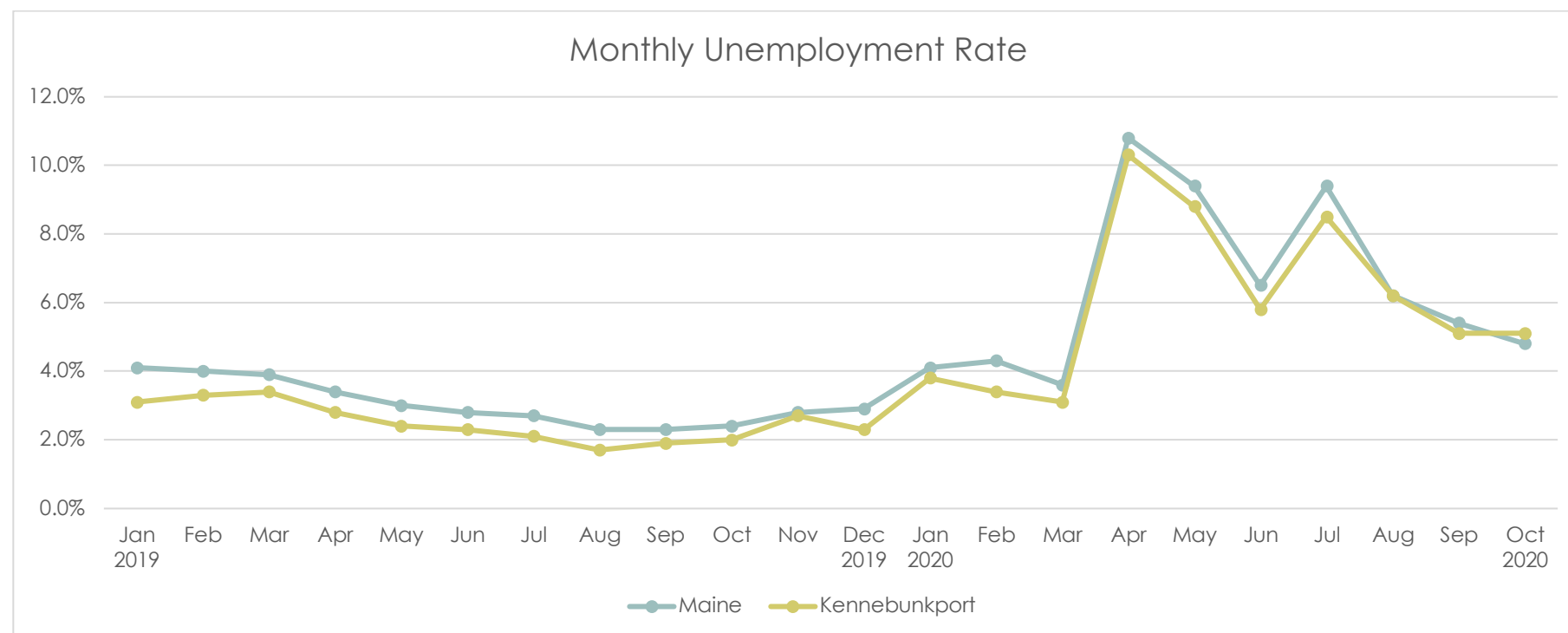


Figure 12-3 Monthly Unemployment Rate, January 2019 to October 2020 (Source: Maine Department of Labor)

Weekly Wages in Kennebunkport

Average weekly wages, as compiled by Maine's Department of Labor, are shown below for select industries that are prominent in Kennebunkport, namely Lodging & Restaurants, Arts, Entertainment & Recreation, the Retail Trades, and Professional & Technical Services. With the exception of the latter category, wages rose ever so slightly from 2001 through 2019.

As can be seen below, and in Chapter 6 (Housing), tourist industry wages in Kennebunkport, particularly in the retail sector, have not been keeping pace with the accelerating cost of housing in the region. The gap between the two make it more challenging for local businesses to attract seasonal help.

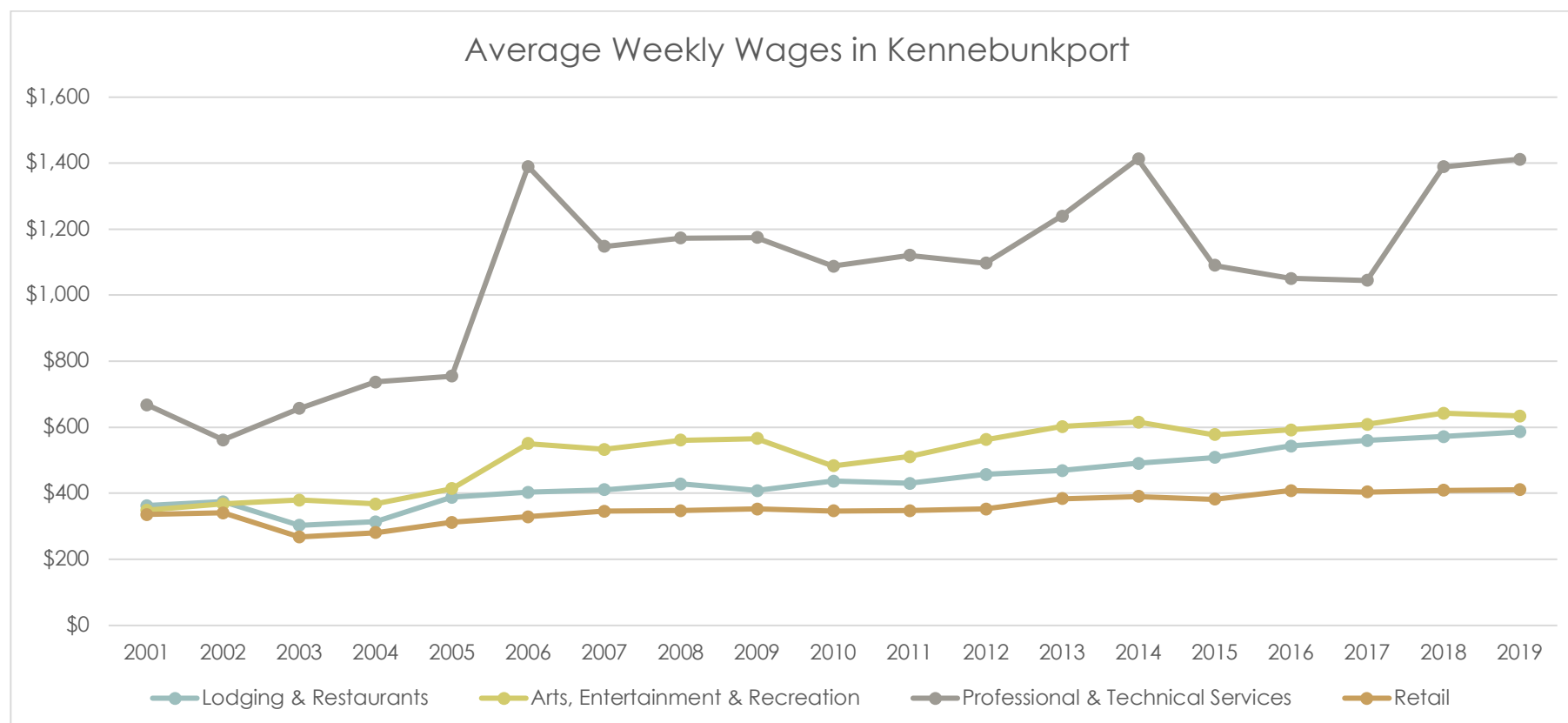


Figure 12-4 Average Weekly Wages in Kennebunkport, 2001-2019 (Source: Maine Department of Labor)

Kennebunkport's Lobster Industry

The chart below depicts the landing data for lobster in Kennebunkport at the town's two commercial harbors. It is evident that Cape Porpoise continues to serve the bulk of the town's commercial fleet. The reader is cautioned that this data only reflects sales from local lobster boat operators to in-town seafood dealers. Note also that the data does not include landings on the west side of the Kennebunk River.

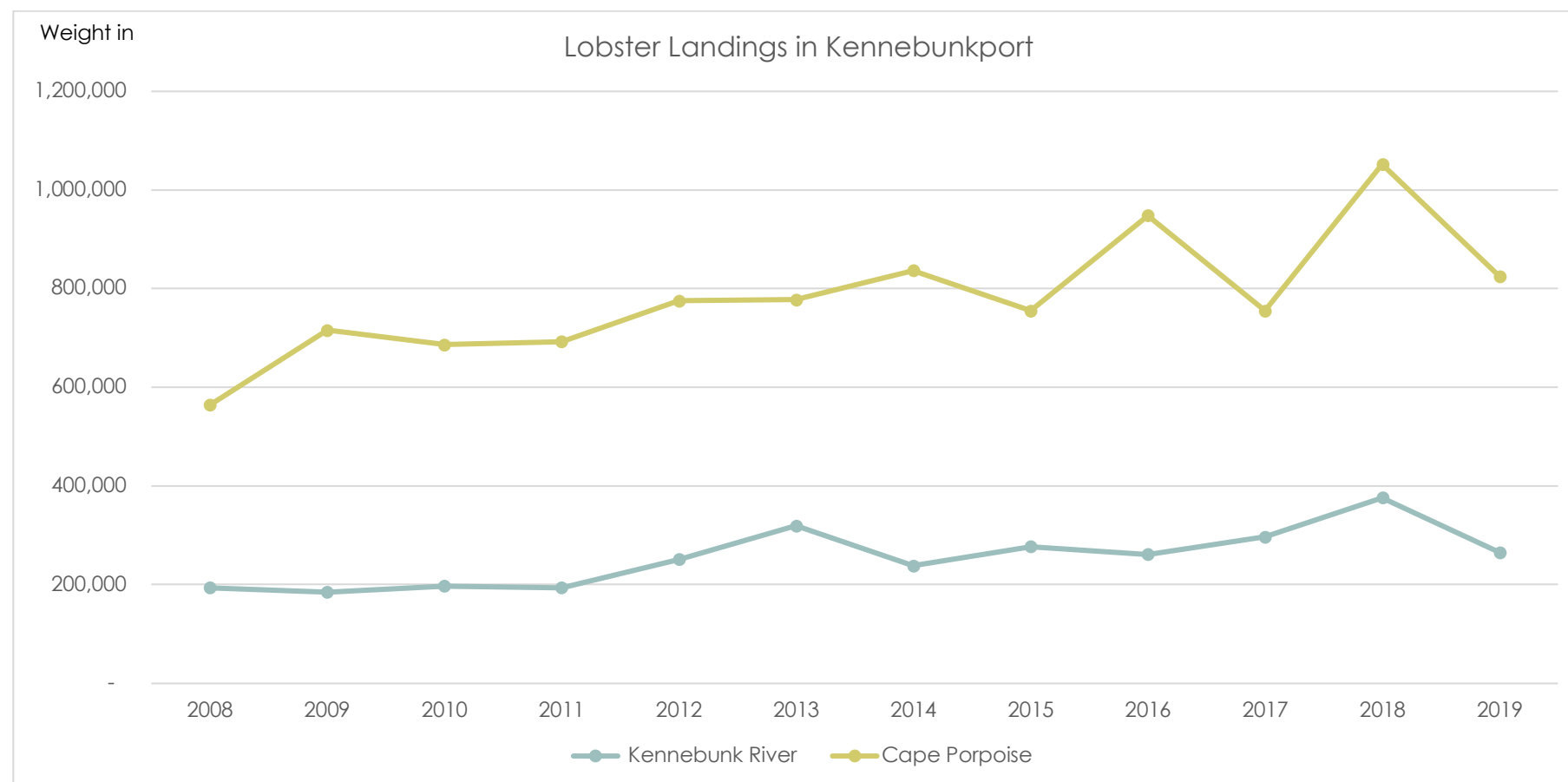


Figure 12-5 Landings Data for American Lobster at Kennebunkport and Cape Porpoise Harbors, 2008 - 2019 (Source: Maine Department of Marine Resources)

On July 6, 2018, China imposed a 25% tariff on US lobsters. On September 1, 2019, China increased the tariff to 35%, but then dropped it down to 30% in February 2020. US lobster exports to China declined from \$148 million in 2018 to \$26 million by Q2 2020.⁵

A similar story played out on the European stage, a region that until recently served as a lucrative export market for Maine lobster, second only to China. In 2017, Canada negotiated the removal of the EU's 8% tariff on lobsters. The US failed to negotiate a comparable agreement with the Europeans. The Canadians then swiftly seized the advantage and grew their EU market share at the expense of Maine's industry. US lobster exports to Europe plummeted from \$100 million in 2017 to \$4.6 million by Q2 2020.⁶

On the chart to the left, note that lobster landings declined substantially in 2019. This downward trend likely reflects the industry's response to a diminishing export market.

When the trade war with China led to steep tariffs on US exports of corn, wheat and soybeans, the US Department of Agriculture rescued beleaguered farmers in the vote-rich Midwest with \$24 billion in subsidies and direct cash payments. No such aid was forthcoming for the hardworking men and women in Maine's lobster industry.⁷

The landing data reveals another industry trend, namely a decline in what the Maine DMR refers to as lobster "harvesters." This decline is reflected in Figure 12-6 to the right.

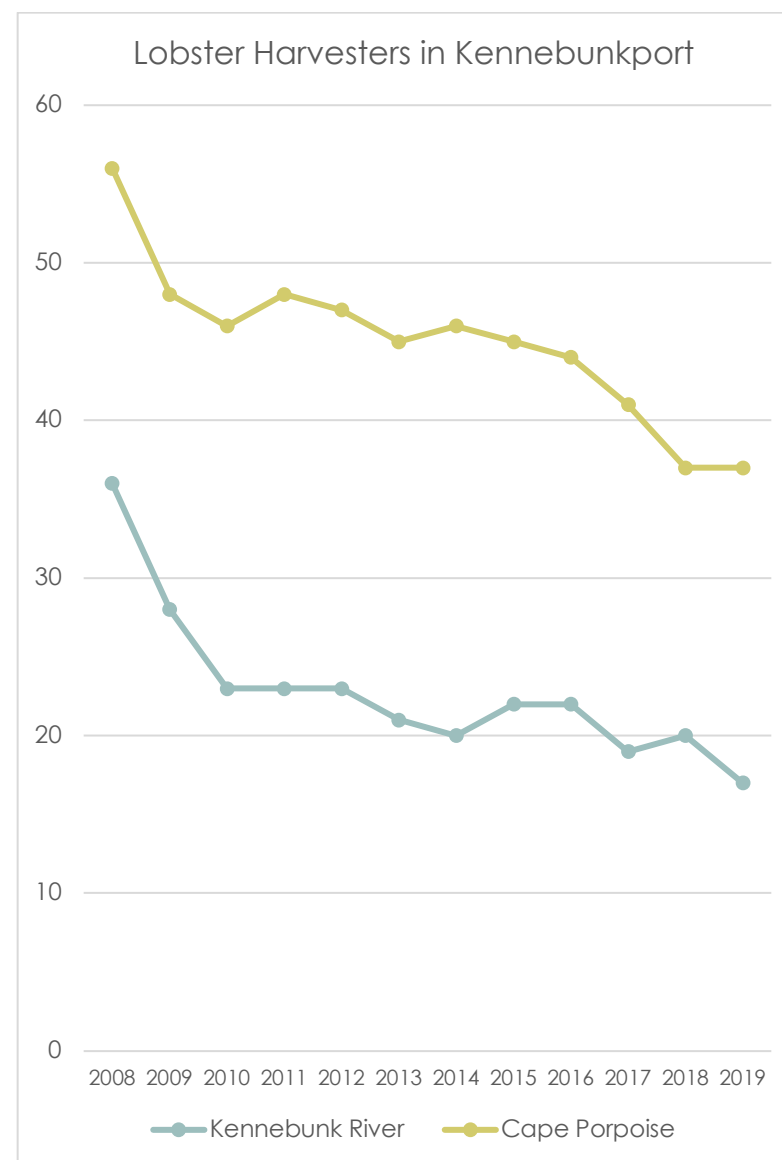


Figure 12-6 Commercial Lobster Harvesters at the Kennebunk River and Cape Porpoise Harbors, 2008-2019
(Source: Maine Department of Marine Resources)

Bluefin Tuna

As noted in Chapter 9 (Marine Resources), Bluefin Tuna made an impressive recovery in the Gulf of Maine. Kennebunkport's tuna industry is concentrated along the Kennebunk River, however it should be noted that several Cape Porpoise lobstermen are making tuna runs in their spare time. Table 12-2 below reflects landing data at both ports.

Year	Port	Weight	Value	Harvesters
2009	K. River	5,129	\$28,536	3
2010	K. River	12,626	\$99,365	5
2011	K. River	17,163	\$164,525	5
2012	K. River	15,173	\$158,341	5
2013	K. River	No Data Available		
2014	K. River			
2015	K. River			
2016	K. River	20,974	\$137,399	13
2017	K. River	No Data		
2018	K. River	17,091	\$96,086	10
2019	K. River	No Data		
2019	Porpoise	10,259	\$50,367	9

Table 12-2 Landings Data for Bluefin Tuna at Kennebunk River and Cape Porpoise Harbors, 2009 - 2019 (Source: Maine Department of Marine Resources)

Mass Tourism - Challenges & Opportunities

The Town's 2012 Comprehensive Plan acknowledged that promoting tourism while preserving a high quality of life for year round residents is a continual effort in finding just the right balance.⁸

Cruise ship companies that dock in Portland promote shore excursions via bus to Kennebunkport, and to a lesser extent, Freeport. When Dock Square's narrow street network was laid out in the 18th century, it's safe to assume that no one envisioned tour busses.



Photo: Seacoastonline

Day-trippers, interstate motorcoach tour companies, and cruise ship passengers who arrive via bus combine

to make the high season busier than ever, and it now runs right through to Christmas Prelude.⁹

Some critics of Portland's cruise ships allege that once ashore, the cruise ship passengers actually spend about half of the \$120 per passenger claimed by the industry. A second complaint alleges that the tourists' money is not actually left behind in Portland's shops. Rather, the ship passengers board busses for Kennebunkport and spend their money there.¹⁰

"Most passengers get on a bus and go to Kennebunkport or Freeport, and when they come back to the ship they take a nap, because they're old, and they eat on the ship, because they've already paid for it." - Portland waterfront business owner Mark Usinger

Ouch! Actually, these folks are not so old. A recent study of the cruise ship industry's impact on Maine found the mean age to be 62.¹¹

Opinion among Dock Square merchants has been mixed. Some businesses are doing quite well. Others complain that the mass visits are stressful, and that the bus tourists tend to be exceedingly frugal.¹²

The pandemic of 2020-2021 put a dent in the cruise ship industry. Few entertain doubts that the ships will return one day. Yet the conditions that produced COVID-19 have not been adequately addressed, and for that reason, we may witness more such microorganism-driven disruptions to the economy in coming years. The tourism industry is particularly vulnerable to this type of upheaval.

Strategies to Consider

Electric Vehicle Charging Stations

Eight of Kennebunkport's resorts/inns provide electric vehicle (EV) charging stations for the convenience of their guests. The proprietors clearly recognize the marketing advantages of catering to this small but rapidly growing segment of travelers. The arrangement works well for overnight guests. They plug the vehicle in during the evening, and it's fully charged by the next morning. These chargers require 8+ hours to charge a vehicle. They are known in the industry as Level 1 or Level 2 chargers.

What about the much larger market that is comprised of day-trippers? They will not be willing to wait 8 hours to charge the vehicle. Rather, that class of traveler will seek out destinations for lunch and shopping that offer a 90-minute charge. Such chargers are known as Level 3 or Direct Current Fast Chargers (DCFC).

Communities up and down the I-95 corridor offer DCFC stations. They include Seabrook, York, Kennebunk, Saco, and Portland. The absence of Fast Chargers in the immediate vicinity of Dock Square places local businesses at a competitive disadvantage, one that will only become more pronounced as the EV industry takes off.

An obvious location for a bank of Fast Chargers is the municipal parking lot behind Alisson's Restaurant. The Town should take the lead in helping local businesses stay competitive, while simultaneously taking a tangible and measurable action that facilitates the critically important transition to electric vehicles.

The Summer Labor Shortage

College students from eastern Europe have long been responding to labor shortages in American resort areas. It is an exchange that has worked well for seasonal businesses as well as the students. The Kennebunkport business community could help to ensure that such labor is readily available by addressing a shortage of housing that the students are able to afford.

As is the case with most migrant housing, the shelter need not meet the hotel industry's 3-star standards. The Town can play an important role by relaxing zoning standards, if necessary, to convert an underutilized building into a hostel or a dormitory. A contract zone, for example, might help to make this possible.

Another part of the solution to the labor shortage would be to recruit at the other end to the generational spectrum. The Chamber of Commerce has already made some headway in this regard through its sponsorship of the annual Older Workers Job Fair. Reaching out to seniors, and permitting flexibility in work hours, is a great use of an otherwise underutilized human resource.

Car-Less Access to Kennebunkport from Away

Travelers to Maine can readily come great distances via trains and planes. The Downeaster takes one to nearby Wells, while the planes deliver the traveler to the Portland Jetport. Alas, it's the last few miles to Kennebunkport that can be challenging. Shuttle van service from Wells and Portland would close the gap. Perhaps Kennebunkport's hotel/lodging industry can be persuaded to jointly fund and operate a shuttle service such as those that are

commonplace at resort locations worldwide. The payoff for local resorts would be greater access to markets beyond the north-eastern US.

Traffic Congestion in Dock Square

The Martha's Vineyard ferry service at Woods Hole is a great model for efficiently diverting hundreds of motor vehicles to remote parking lots. The quality of the Dock Square pedestrian experience would be enhanced were motor vehicle drivers persuaded, via a system of incentives and disincentives, to utilize remote lots. The Town should identify land that would be suitable for this purpose.

Diversify the Local Economy

The COVID-19 pandemic of 2020-2021 brought into sharp relief the inherent disadvantage of relying so heavily on just one segment of the economy, i.e. tourism in this instance. Likewise, Kennebunkport's hospitality industry is susceptible to downturns in the national economy. Kennebunkport would be better insulated from the financial fallout caused by catastrophic events if the community were to make the effort that is necessary to build a local economy that is more diverse.

Climate change is another game changer, particularly for Kennebunkport's fishing industry. Eventually, Maine lobster will go the way of the Gulf of Maine cod. What then? Up and down the Maine coast, aquaculture is taking off. It's worth having a look, and exploring sites in coastal areas that would be suitable.

Keeping Your Money Local

In early 2020, Anne Hidalgo was reelected Mayor of Paris. She ran on a promise to transform Paris into a “15-Minute City.”¹³

A 15-Minute City is a planning strategy that strives to improve the quality of life for community residents by reducing reliance on private automobiles. The strategy focuses on meeting the basic needs of residents by ensuring proximity to workplaces, schools, healthcare, shops, restaurants, leisure activities, personal services, and recreational opportunities. All within a 15-minute walk. Or a 15-minute bicycle ride via an off-road multi-use trail. Or a 15-minute trolley ride.



Figure 12-7. As seen above, the City of Melbourne (Australia) promotes a variation of the 15-Minute City.

The 15-minute concept is the antithesis of the Euclidean model that has been dominant in the US since the early 20th century. Euclidean Zoning separates disparate land uses, causing them to be spread out to distances that increase our reliance on automobiles. The proponents of the 15-minute strategy assume that to the extent that we spend an excessive number of hours in automobiles, one’s quality of life is diminished.

The advantages of the 15-minute community are several:

- Local businesses enjoy a larger (and more loyal) customer base. Just as importantly, the money spent at local businesses is far more likely to remain in the community.
- The health benefits are self-evident.
- People who spend less time traveling via automobile have been shown to engage more frequently in civic activities, thereby strengthening community bonds.¹⁴

The 15-minute strategy has lately been in the news in South Portland¹⁵ and in Westbrook.¹⁶ Both cities are contemplating ambitious, multi-use proposals that revolve around the premise of meeting most of one’s needs within a 15-minute walk. While no one would seriously consider a project of that size for Kennebunkport, the 15-minute concept is scalable.

The strategy is not a new one. Indeed it was the dominant paradigm in New England communities, large and small, from the 17th century to the early 20th century.

What would it take to get back to where we once were? At a minimum, extensive community engagement and some far-reaching revisions to the Land Use Ordinance.

¹ Maine Department of Labor, Center for Workforce Research and Information

² ACS 2018 5-year estimates, Table S0801

³ <https://broadbandnow.com/Maine/Kennebunkport>

⁴ Shawn Sullivan, "Tourism this week 'feels like a down season'" *Seacoastonline*, July 9, 2020.

⁵ Jeffrey Schott, "EU lobster deal may be too little too late for Maine" *Peterson Institute for International Economics*, August 26, 2020.

⁶ Jeffrey Schott, August 26, 2020

⁷ Jeffrey Schott, August 26, 2020

⁸ Town of Kennebunkport, *2012 Comprehensive Plan*, Town Goal #1 in the Economy chapter, page 91.

⁹ Unknown author, "Fall tourism boom brings big business, stress to coastal Maine communities," *York County Coast Star*, reprinted by *Bangor Daily News*, Oct 5, 2018.

¹⁰ Colin Woodward, "Chump Change," *thebollard.com*, June 5, 2008.

¹¹ DPA, "Survey of Cruise Visitors to Maine - Behavior, Attitudes, and Spending of Passengers & Crew," August 2019.

¹² Unknown author, "Fall tourism boom brings big business, stress to coastal Maine communities," *York County Coast Star*, reprinted by *Bangor Daily News*, Oct 5, 2018.

¹³ Kim Willsher, "Paris mayor unveils '15-minute city' plan in re-election campaign," *The Guardian*, February 7, 2020.

¹⁴ Eugene, Oregon, <https://www.eugene-or.gov/1218/What-Are-The-Benefits>

¹⁵ Taylor Cairns, "Award-winning plan aims to change the landscape of Maine Mall," *WGME Channel 13*, November 9, 2020.

¹⁶ <https://www.rockrow.com>