

Section 4

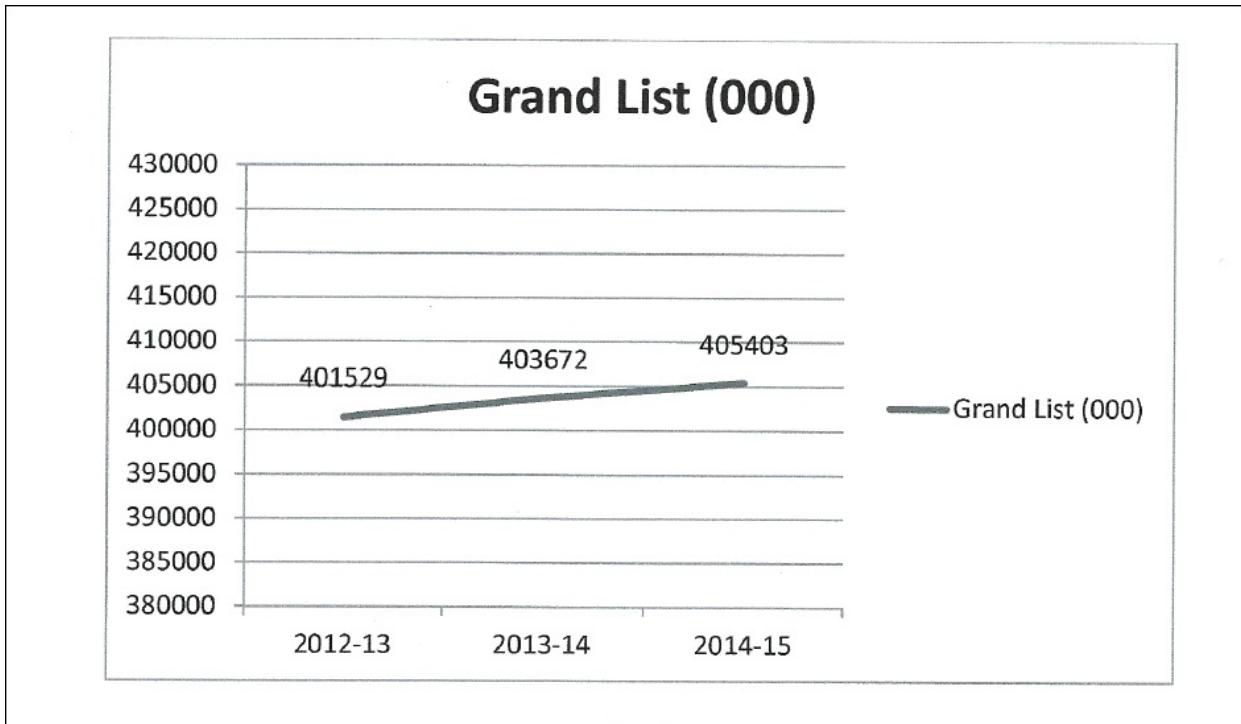
Economic Development

Assessments

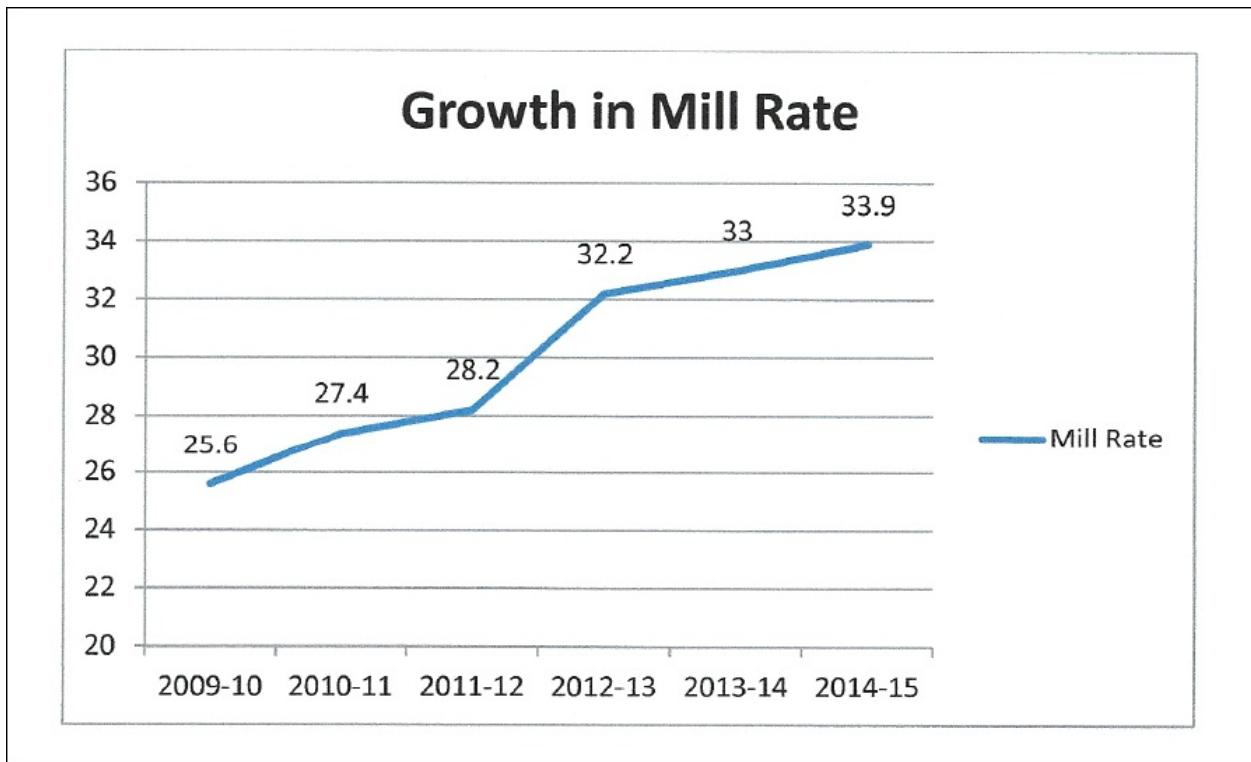
2000- 2015 Grand List Analysis At Five Year Intervals

Year	100 Residential	200 Commercial	300 Industrial	400 Public Utility	Net Real-estate	Net Motor Vehicle	Net Personal Property	Net Grand List	% increase or decrease N.G.List
2000	171,274,480	11,756,650	14,867,820	177,730	190,250,470	25,052,300	17,661,010	238,691,390	
2005	231,267,000	14,333,610	12,611,300	1,299,900	259,232,090	31,094,380	22,485,950	312,812,420	+31
2010	362,933,100	16,713,000	15,281,700	1,806,000	397,209,350	31,283,690	19,064,350	447,557,390	+43
2015	324,928,315	18,318,900	15,139,700	1,875,300	360,981,315	35,583,315	16,835,181	413,399,811	-.08

From the period 2000 though 2010, all sectors of the grand list continued to grow except for net personal property which went down in 2010. The net grand list showed a sizable increase between 2005 and 2010. With the decline in the economy beginning in 2008, the revaluation prepared in 2011 reflected the decrease in property values in the various sectors. Between 2010 and 2015, the net grand list decreased slightly. A statistical revaluation is planned for the summer of 2016 and all indications suggest that the grand list would remain the same or grow slightly. The following graph shows the slow growth in the town's grand list over the last three years.



The next graph depicts the trend in the mill rate over the last five years.



The mill rate has since stabilized at 33.92 in fiscal year 2015-16 and 32.84 in fiscal year 2016-17.

Grand List – Top Five

Zygo Corp: \$16,753,670
Connecticut Light & Power: \$8,883,570
Lyman Farm Inc.: \$7,134,700
Rogers Manufacturing: \$3,030,750
TET Manufacturing: \$2,703,370

Total: \$405,401,780

Economic Indicators – Major Employers

Zygo Corporation
Powder Ridge Ski Area
Lyman Orchards
Cooper-Atkins Corporation
Rogers Manufacturing Company

Labor Force

As of April 2016, Middlefield had a labor force of 2,488 with 2,375 employed and 113 unemployed. The unemployment rate was at 4.5 percent, 1.1 percent below the state average for the same time period. The following charts and tables create a profile of employment and jobs in Middlefield.

Employers by Sector

Total - All Industries: 143
Total Government: 12
Construction: 24
Manufacturing: 12
Retail Trade: 9
Local/Municipal Government: 10
Healthcare & Social Assistance: 10
Other Services (except Public Administration): 14

Labor Data by Place of Work

	Middlefield	Middlesex County	Connecticut
All Industries - Annual Average Employment	1,917	67,677	1,653,545
All Industries - Number of Employers	143	5,092	114,608
Manufacturing - Annual Average Employment	615	9,218	159,607
Manufacturing - Number of Employers	12	253	4,588
AAGR - Employment (2011-2014)	0.5%	0.2%	0.3%

More detailed economic comparisons can be found in Appendix B, "Grow Smart Data Book." This document highlights Middlefield and there are statistical comparisons with the other 16 towns in the Lower Connecticut River Valley Council of Governments.

Tourism

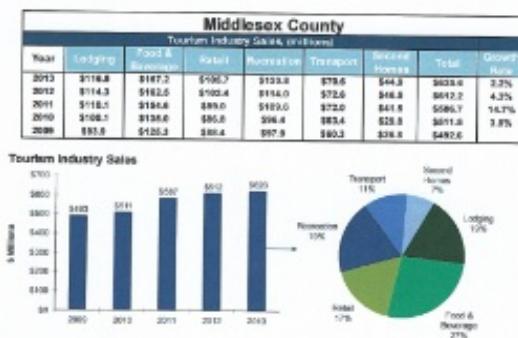
Tourism in Connecticut ranked eighth in terms of total employment in 2013. It provides 80,600 jobs. Health care and social assistance ranked first at 2,593,000 jobs and 15th is management of companies and enterprises at 29,200. Middlesex County spending from tourism was 7.5 percent of the state total as compared to New London County at 27.1 percent of the total sales which, in 2013, was \$8,291.7 million for the state.

Tourism Ranking

Were tourism an industry as defined by the government, tourism employment would rank as the eighth largest industry in Connecticut.

Employment Ranking State of Connecticut		
Rank	Industry	Employment (000s)
1	Healthcare and social assistance	259.3
2	Retail trade	183.5
3	Manufacturing	163.8
4	Accommodation and food services	121.8
5	Finance and insurance	112.7
6	Professional, scientific and technical services	90.4
7	Administrative and waste management services	85.0
8	Tourism	80.6
9	Wholesale trade	63.3
10	Educational services	62.6
11	Other services, except public administration	62.1
12	Construction	53.8
13	Transportation and warehousing	44.4
14	Information	31.9
15	Management of companies and enterprises	29.2

Middlesex County, Industry Sales



Middlefield can capitalize on the tourism dollars coming into the county by making it an appealing destination. Studies show that visiting scenic areas and visiting historic sites are two of the main reasons people travel. Through the preservation of assets unique to Middlefield, such as cultural and natural resources, more tourists will be attracted to the town. Visitors may come to one of Middlefield's popular destinations such as Powder Ridge Ski Resort, Lyman Orchards and its two golf courses, the recently-completed Apple Nine Learning Center, Indian Springs Golf Course or Wadsworth Falls State Park and, if they find the surrounding countryside appealing, stay to visit other sites. In 2016, Lyman's was awarded the Governor's Tourism Award. These visitors will then generate additional expenditures to the local economy. The longer a visitor stays in town, the more money they will put into the local economy. Overnight visitors spend three times more than those visiting for a day, on average.

To keep Middlefield a unique tourist destination, preservation of natural, cultural and historic resources is important because these distinctive features create a memorable experience for the tourist. In recent years, the Planning and Zoning Commission has made numerous changes to the approved uses to special permits issued to Powder Ridge and other similar uses to facilitate the tourism component of the town's economy. It is also important that service industries, such as motels, restaurants and stores catering to visitors, complement and fit in with their surroundings. The character of the town has to be preserved to provide the interesting experience visitors are expecting to receive. If the tourist feels they did not get the experience they had hoped for, then they will go to other destinations in the future. As a result, a long-term strategy should be designed to support the tourism industry in the town.

Tourists want to feel a sense of place when visiting their destination, meaning they wish to be in a unique area different from other places. A community can aid in giving visitors this experience through various tourist-related improvements. Signage can help tourists with their perception of place. Signs to tourist attractions on State highways can be approved by D.O.T. and there are several identifying the various golf courses and Powder Ridge. Tourist-related signs should have a common format for major attractions in the town and note other attractions away from the main roads. "Welcome to" signs are permitted via permit from the First Selectman's office after a recent change to the zoning regulations in the interest of supporting tourism as an important component of Middlefield's economy and aids in providing visitors with a sense of place.

Marketing and promotional literature should focus on the community's unique assets that contribute to the special sense of place specific to the town. Coordination between the town and the River Valley Tourism District and State Office of Tourism is important in advertising Middlefield as an alluring destination. Being sure the marketing description in the literature matches the character of the community is important. Tourists have many choices of destinations and will not return for repeat visits if they feel as though they did not receive the experience promoted in the brochures.

Land Use Issues

1. Most of the areas currently zoned as General Industrial have little or no expansion capability and/or have significant natural resource limitations. These areas, for the most part, reflect the patterns of industrial growth in the second half of the 19th century and the early portion of the 20th century.
2. The six-lot third phase of the town-owned industrial park on Industrial Park Road has only two lots remaining as of June, 2016. This phase, along with Phase II, was originally part of the "Strickland Farm" acquisition and no further use of the farm for industrial purposes is contemplated. Recently, the Planning and Zoning Commission revised the use table and administrative process to reflect the

various uses currently located in the IPD II zone, which includes all three phases of the development of the Industrial Park. It also made changes to setback and lot coverage requirements to encourage existing uses to expand.

3. The industrial park area north of Brookside Drive and the Zogo facility to Hubbard Street represents the greatest opportunity for future industrial development. Sewer and water is available to service this area and would be an asset. The area available should be adequate for some years to come. Two vacant properties are being marketed in this area with access to Brookside Drive. One is town-owned and consists of 45 acres and the other is owned by Zogo and is 31 acres in size. With 76 acres of land zoned for non-residential use, the town is fortunate to have this resource. With recent changes in the permitted uses for this zone and changes to setback and lot coverage requirements, these properties may be more marketable at this point in time. If the market will not support the zoning uses permitted, alternative uses can be considered by the Planning and Zoning Commission to expand the town's nonresidential tax base.
4. The widening of Route 66 presents an opportunity to expand some of the existing areas zoned commercially. These possible expansions would help augment the limited amount of commercially-zoned land elsewhere in the community. The expansion of sewers into these areas could enhance the marketability of commercial land along Route 66. In 2008, the Planning and Zoning Commission hired a consulting firm to evaluate the Route 66 corridor for its future potential. As a result of the study, the Commission revised its regulations and created the Design District I & II. Design District I encompasses the area west of Ballfall Road up to the City of Middletown Higby watershed property. There are several large, undeveloped or underdeveloped properties in this zone that could lead to significant commercial development. As part of the study, an analysis of the on-site septic soil capacity was assessed and was compared with build-out scenarios, assuming the presence of sewers. Approximately twice the floor area was possible with sewers and, as a result, twice the taxable property.
5. Computer-based home employment is growing at a rapid rate and should be encouraged as an opportunity to strengthen the economic base of the community. Some of these businesses will eventually outgrow the home environment and need an office setting and will hopefully locate within the commercially-zoned areas in the community.
6. An opportunity exists to encourage the adaptive re-use of a portion of residential structures in the vicinity of our existing commercial zones. New regulations should be developed to permit a portion of existing dwellings to be used for limited commercial uses, such as tearooms, antique shops, professional offices, medical offices, craft sales, art galleries, bed and breakfasts and other related relatively low-impact uses. This mechanism should limit uses to within a certain proximity to commercial zones, frontage on a state highway and maintenance of the residential character of the structure.

Costs/Benefit Study of Open Space

In 1995, the Southern New England Forest Consortium, Inc. (SNEFCI), a nonprofit forest conservation organization established in 1985 to promote wise conservation ethics and the productive use of the region's forest and natural resources, conducted a comprehensive study of the fiscal contribution of developed land versus forest, farm and open space land. Durham was one of four towns in Connecticut studied, along with four towns in Massachusetts and three towns in Rhode Island. The study clearly demonstrated that the

protection of open space plays an important role in a community's long-term fiscal well-being. The development of residential, commercial and industrial uses is an essential component of any community; however, it is equally important to not overlook the value open space provides by balancing the tax base through positive net tax revenues. In addition to its significant financial contribution, open space provides an astounding assortment of benefits, including scenic resources, wildlife habitat, recreational opportunities, clean air and water, flood control and is the basis for the tourism, farm and forest products industries that create jobs and generate millions of dollars in economic activity on an annual basis.

Methodology

A Cost of Community Services Study (COCS) examines disaggregated town revenues and expenditures at a specific point in time. It serves as a simple method of determining the costs and financial contributions of various types of land-use. The American Farmland Trust has described in detail the steps to be taken in carrying out Cost of Community Services studies and the manner in which each step is to be carried out. The five steps described in this methodology are as follows and are described in further detail below:

Five Steps in the Cost of Community Services Studies:

- a. Meet with Local Officials and Define Land-Use Categories
- b. Collect Data
- c. Allocate Revenues by Land-Use
- d. Allocate Expenditures by Land-Use
- e. Analyze Data and Calculate Ratios

Meet with Local Officials and Define Land-Use. The first step is to meet with local officials. At the outset, a meeting was held with local officials in each town to introduce and explain the methodology and objectives of the COCS and to identify the goals of the study. It also afforded the opportunity to discuss with officials how best to allocate property records. Most importantly, the meetings were a means to generate the support of local officials – an essential component of any successful COCS.

Definitions for each type of land use depend in part upon state legislation and regulations and in part on the community's definitions and the assessor's allocations. Study codes differ somewhat in their definitions of land use. Property records were easily sorted when computerized records were available. When records were not available in such a format, such as in the towns of Becket, Litchfield and Hopkinton, local assessors were again contacted to provide the most consistent definitions possible.

Collect Data. The data sources at the town level include financial statements, annual town reports, assessor records, community monographs and other local data. The annual reports were an excellent source of data with respect to ongoing and upcoming projects. They also gave insight into the types of programs that have been instituted to preserve open space and limit municipal spending without diminishing the quality of services.

Extensive interviews were conducted with local officials and, based on these interviews, revenues and expenditures for each town were disaggregated among the defined land use categories. A host of town offices were contacted during the data collection process, including the Planning and Zoning boards, Selectmen, Assessors, Public Works departments, Building departments, Police and Fire departments and School Superintendents. In each interview, the official was questioned to find the most accurate and appropriate technique to allocate an expense or revenue.

Allocate Revenues by Land Use. The information obtained during interviews with community officials and review of published community data was used to allocate each line item in a town's financial statement among the land use categories of residential, commercial/industrial and farm/forest/open space. An empirical distinction could have been made between commercial and industrial properties, but was not necessary since it would not have had a material effect on the ratios, nor would it have enhanced the final results. Although most municipal records do not allocate revenues and expenditures by land use, some items were readily allocated. For example, education, parks and recreation and human services expenditures are costs that may be allocated completely to residential parcels with confidence. Government grants and investment income, on the other hand, are more difficult to allocate. When it was unclear as to how a revenue/expense should best be allocated, the advice of local officials was sought and the disaggregation was made at his or her discretion. When an official could not allocate a revenue/expense or when the item was most properly allocated across all land-use categories, "fall-back" ratios were employed.

Fall-back ratios are a tool used to allocate general costs and revenues. General overhead line items, such as the expenditures for the town administrator, the local planning board and town selectmen cannot be attributed to one particular land use. To allocate such items, weighted ratios that account for the proper share of assessed value for each land use category in the town are calculated. As previously mentioned, computer files facilitated the process of sorting records, based on size and state use codes.

Once parcel records were grouped by land uses, fall-back ratios were calculated by dividing the total assessed value of each land use category by the town's total property tax assessment for all categories. The general revenue/expense item was then multiplied by these ratios to allocate the item by land use. Two sets of fall-back ratios were calculated to disaggregate among the categories: a set that allocated among all three categories and another that made an allocation only between residential and commercial/industrial uses. As an example, property tax revenues were generally allocated using fall-back ratios.

Allocate Expenditures by Land-Use. As mentioned above, disaggregation of expenditures was based on interviews with local officials and, in the absence of an estimate, fall-back ratios were employed. Local officials often allocated general overhead items, such as the ones mentioned above, using the fall-back method.

Analyze Data and Calculate Ratios. The financial costs and benefits to a town from each type of land use can be estimated by comparing town expenses and revenues for each land use category, providing the answer to the questions: "For every dollar of revenue raised by a particular land use category, how much was spent in town services in order to support that land use?" The ratios provide an estimate, for a given fiscal year, of the cost and financial contribution to the town of each defined land use category.

In order to ensure that all allocations were made correctly and that all factual information was accurate, the preliminary findings were presented to the town officials and attending residents to review, discuss and address any additional issues that were not covered over the course of the study. In general, the town members accepted the assumptions, methodology and results that are presented here.

Results and Conclusions

The statewide average expense/revenue ratios shown below indicate that commercial/industrial properties provide the greatest fiscal benefits to the towns, with an average cost of \$0.27 for every dollar that they contribute in tax revenues. Over 152 studies using this methodology have been conducted between 1986 and 2009 in 25 states throughout the United States. Besides the nine conducted in Connecticut between 1995

and 2002, 13 were conducted in Massachusetts between 1992 and 2009, 13 in New York between 1989 and 2003 and three in Rhode Island in 1995. The average median cost per dollar of revenue raised to provide public services was \$1.16 for residential, \$0.35 for commercial/industrial and \$0.29 for working and open land.

The following table summarizes the final expense/revenue ratios determined for the nine towns selected in the State of Connecticut.

Summary of Expense/Revenue Ratios in Connecticut Towns

Town	Residential	Commercial/Industrial	Open Space
Bolton	\$1.05	\$.23	\$.50
Brooklyn	\$1.09	\$.17	\$.30
Durham	\$1.07	\$.27	\$.23
Hebron	\$1.06	\$.47	\$.43
Lebanon	\$1.12	\$.16	\$.17
Litchfield	\$1.11	\$.34	\$.34
Pomfret	\$1.06	\$.27	\$.86
Windham	\$1.15	\$.24	\$.19
Town Average	\$1.12	\$.27	\$.37

The existence of open space parcels in each of towns provided a clear benefit to local financial stability. Although assessed at a fraction of its highest and best use, open space still provided a positive contribution to the town's finances, as do the commercial/industrial properties. Unlike commercial/industrial properties, however, the presence of farm, forest and open space properties do not carry the drawbacks mentioned above (although there may be some attraction for new residents seeking to build a home in a rural setting). In addition, the ratios do not capture other values that open space may bring to a community, such as recreational opportunities, wildlife habitat, air and water quality preservation and privacy. Although these values are not addressed in the AFT methodology, based on these ratios alone, it is possible to make a strong case for farm, forest and open space land as a financially sound asset to these communities.

Recommendations to Encourage Open Space Land Use

The conclusion of the COCS study for Durham, and applicable to Middlefield, memorializes in a statistical methodology what has been understood for 30 years. Open space uses are a positive tax benefit and should be encouraged. Middlefield was one of the first towns in Connecticut to extend the assessment of land based on its use to property which did not qualify as farmland or forest under Public Act 490. This tax policy should not be changed.

An aggressive capital reserve fund should be established and funded on an annual basis along with a list of priority properties for acquisition.

Consider implementing a payment-in-lieu of open space provision in the subdivision regulations. This would allow funds to build for open space acquisition or improvement in situations where the acceptance of open space land is not warranted or desirable.

Utilize various existing local, regional and statewide land trusts to accept and steward permanently-protected forest, farm and open space resources.

Use local tax abatements and zoning incentives for new or expanded commercial/industrial development that permanently preserves and allows for management of important open space resources.

See Appendix II for more Middlefield economic profile information compared with the Lower Connecticut River Council of Governments' towns.