

ECONOMIC DEVELOPMENT PLAN

CITY OF KEENE, NH



AUGUST, 1993

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Formally Approved by the City
Council: August 5, 1993

Formally Adopted by the
Planning Board: August 23, 1993

ECONOMIC DEVELOPMENT PLAN

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CHAPTER I. GOALS, FINDINGS AND RECOMMENDATIONS

Long Range Goal: Keene should continue as the economic center for Cheshire County by encouraging reasonable economic development in the City which will increase the employment opportunities and expand its tax base and at the same time maintain its quality of life.

Interim Goal: During this planning cycle, Keene should place emphasis on industrial growth to create 500 to 1000 additional industrial jobs during the next ten years and increase the industrial tax base so that by the year 2003 it is at least 12% of the total Keene tax base.

There are three elements of major consequence in Keene's economic picture:

1. Since 1980 Keene's manufacturing sector has decreased in both the number of companies and number of jobs (-9% and -10% respectively) while the retail and other commercial sectors have shown increases in number of new establishments and jobs (+20% and +44%, respectively). The housing sector has also expanded, largely in multi-unit housing.
2. The property tax burden for Keene falls heavily on the residential sector. In 1992, 67% of the tax base was residential, 23% commercial and 10% industrial.
3. Keene's quality of life is extremely important to Keene's economic well being. Keene has been successful up to this point in having economic growth without losing the positive features of a small town. One of the key factors has been that, with the exception of the proposed Monadnock Mall, commercial development has been concentrated in the center core of the City.

Recommendations:

1. The public and private sectors need to work together on two important steps to strengthen Keene's industrial sector:
 - a) A concerted, professional effort to attract new industries to Keene needs to be made.
 - b) There should be an ongoing program to meet regularly with local industries with the interest of retaining present industries and encouraging those already here to expand in Keene.
2. Additional suitable land needs to be made available for the industrial sector. 300 additional acres should be zoned for industry to take care of the next 15 years; looking out 30 years, an additional 350 acres should be set aside for industry. The City will need to invest in infrastructure which will support industrial growth.
3. Orderly retail and other commercial growth should be encouraged within the bypass. Major traffic problems on West and Winchester Streets will need to be solved if this sector is to grow appreciably. The addition of the Monadnock Mall will increase considerably the size of the retail sector and will cause major changes in retail composition of Keene.
4. The City will need to work cooperatively with institutions such as Keene State College, Antioch, the medical complex on Court Street which includes the Cheshire Medical Center, and others to allow their expansion to meet their growing space needs.
5. There needs to be an increased emphasis on technical training and retraining at both the secondary and post-secondary levels to create a more highly skilled work force to meet industry's needs.
6. Additional affordable housing should be created to enable more people who work in Keene to be able to afford to live in Keene.
7. A cooperative working relationship between Keene and the towns of Cheshire County should be established in addressing a number of regional issues on traffic, solid waste disposal, housing, etc. which have a bearing on the economic development of the area.
8. To increase the importance of tourism in the area, the City

should support the private sector in its outreach to new geographic markets and appeal to some new niche markets.

9. A committed effort should be made by the City Government, by private organizations within the community and by individual citizens to maintain and improve the partnership between economic development and the quality of life in Keene - good schools, good residential neighborhoods, medical facilities, an attractive downtown, low crime rate, efficient local government, an appreciation of its history and heritage and many other factors. A vibrant downtown is particularly important not only to Keene, but also to the surrounding towns.

CHAPTER II. CHALLENGES

1. A more evenly balanced tax base

Currently the Keene tax base is 68% residential, 23% commercial and 10% industry (Charts 1 and 3). This ratio puts a heavy burden on the residential properties. A far better ratio would be 55%, 25% and 20%. While this balance would be difficult for Keene to obtain, a more balanced ratio should be Keene's long range goal. Over the last 10 years, the industrial sector has decreased about 10% in number of jobs (see Chart 4); on the other hand, the commercial and residential segments have grown rapidly, with the result that the industrial sector has decreased dramatically in importance in the total Keene economy.

Industrially related jobs are important for the following reasons:

- a) Industrial jobs bring new money into this region from areas outside of Cheshire County, New Hampshire and even the United States.
- b) Tax revenues from industrial companies generally exceed the cost to the City in expenses related to these companies.
- c) Industrial related jobs pay higher wages and have more favorable benefits than jobs in most other sectors of the local economy.
- d) Jobs in industry require higher employee skills, better using the variety of skills available in the local employment pool.
- e) After a net loss of nearly 10% of industrial jobs in Keene during the last ten years, it is vital to the Keene economy that industrial jobs be restored to the

levels that have existed in Keene in previous decades. This point is important particularly since the retail/commercial sector has increased over 40% during the past ten years, with the result that the industrial sector has become a significantly smaller percentage of the total Keene economy.

2. Jobs

A high level of employment of people in good paying jobs is key to economic development. Additional jobs above the entry level will need to be generated if the skills of the Keene area work force are to be fully used. Job skills and job training are essential parts of the educational system.

3. Available land in Keene

The Keene valley is heavily built up to the point that there is a limited amount of developable land available for future economic expansion. More land could be made available by infrastructure improvements and other innovative rebuilding and recycling of current land. It is important that land be set aside now for future economic use.

4. Maintaining quality of life

The quality of life is one of Keene's greatest attractions - good schools plus Keene State and Antioch, good Residential neighborhoods, open space, an attractive, active downtown, fine medical facilities, a safe environment, a City government that provides needed services, et al. It is important that this quality of life be maintained. One of the keys for this quality of life for the Cheshire County area is a vibrant downtown in Keene. It needs to be preserved, protected and to be supported as the center of the community for cultural, entertainment, service, professional, government as well as retail activities. It must be recognized that a strong economic base is an essential part of this quality of life, since this strong base makes the quality of life economically possible. Economic development and quality of life go hand in hand.

5. Economic leadership

Successful economic development requires strong leadership from both the private and the public sectors.

Both sectors will need to work together to develop detailed plans to implement the economic programs recommended in this report. City policy should reflect a strong commitment to this economic plan.

6. Infrastructure

Roads and bridges, water and sewer and other utilities are basic to economic development. Keene will need to reverse the recent trend of not investing to expand and maintain its infrastructure. Keene needs to re-establish and maintain a program for financing infrastructure improvements. A significant number of future infrastructure dollars should be invested to support new and existing industry.

7. Regional issues

There are a number of regional issues that will need to be solved working with the federal government, the State of New Hampshire, the Southwest Region Planning Commission, the Cheshire County Delegation, and the surrounding towns. To name a few: Route 9 bridge over the Connecticut River, the Keene bypass system, Routes 101 and 9 to the east of Keene, solid waste disposal, surface water, fair share of affordable housing, the airport and a regional effort to attract new industry to the area. Although this subject is beyond the scope of this master plan, the Keene City government and other organizations in the community need to play an active role in economic development planning on a regional basis.

CHAPTER III. ECONOMIC HISTORY OF KEENE

Prior to 1800, Keene was a small town whose principal economic base was agriculture. There were grist mills, saw mills and other local businesses which were necessary for self-sufficiency. The local rivers and streams were the main source of power.

In the 1800 census Keene was a town of 1,645 people, Cheshire County had a population of 24,288. The towns of Walpole, Westmoreland and Chesterfield all had larger populations than Keene.

In the early 1800's, a series of "turnpikes" was built with Keene as an intersecting point. Keene's first bank opened in 1803. President Jefferson's embargo and the war of 1812 that followed forced many New England communities, including Keene, to begin manufacturing some of the things, such as glass and pottery, that had previously been imported from Europe.

By 1820, Keene was the legal, commercial and banking center for Cheshire County. Woodworking and textile manufacturing businesses were started in Keene to take advantage of the available wood supply and water power from the Ashuelot River. These two industries were to be important to Keene for the next 125 years.

The biggest economic change in Keene came with the railroads in the 1840's. Keene became the hub of three railroads; a major railroad maintenance shop was soon established in the town. The railroads increased the market range for Keene goods and allowed Keene businesses to obtain goods from sources in the East and Midwest.

Agriculture began a decline in the area when farmers could not compete with the outside sources. Cheshire County towns generally began losing population as people moved west where farming conditions were much more favorable. The Civil War

hastened the migration from the area.

Keene on the other hand thrived. Its population doubled in the 25 years after the arrival of the railroads. Businesses in Keene were kept very busy supplying textiles and other products for the Civil War. Industry from surrounding towns moved to Keene to take advantage of the improved transportation. As steam began replacing water as a source of power, Keene was even more attractive for industry. In the 1870's the Beaver Mills on Railroad Street were built to house a variety of industries; it received a 10 year exemption from taxes as an incentive to build.

Keene was incorporated as a city in 1874. Much of the downtown area of Keene was built up with multi-story buildings during the late 1800's. Retail, banking, and wholesale businesses increased in number.

In the early 1900's the Keene Development Corporation was formed to attract new industry to Keene. They, along with the Chamber of Commerce, were able to bring to Keene four new manufacturing concerns in diversified fields just prior to World War I. New factories were built to employ Keene's pool of skilled labor. In 1909 Keene Normal School (now Keene State College) was founded in Keene.

During the period 1925 to 1945, there were major changes in the economy of Keene. This area suffered through a major depression as did the rest of the country. Woodworking and textiles declined and many factories shut down. The automobile, made it easier for people in surrounding towns to come to Keene to work, shop and for entertainment. Keene grew as a market, government, industrial and business center for Cheshire County. The surrounding towns began to increase in population after almost 60 years of decline.

Change continued during the post war period 1945 to 1975. The railroad, once the City's largest employer and long the driver of the economy in Keene, disappeared. On the other hand, new industries moved to the Keene area; some established industries, such as Kingsbury and Troy Mills, modified their lines of business and prospered. Miniature Precision Bearings (later MPB Corp), Markem Corporation, National Grange Mutual Insurance Co. Peerless Insurance Co. grew at steady paces. American Optical came and went, to be replaced by Schleicher and Schuell, Inc. Keene State College became a four year college with greatly increased enrollment; Antioch established a graduate school in downtown Keene. A new medical center was built together with a large clinic

building. A new airport was built, offering service to New York and Boston. Keene had the ability to react to changes in industry and business and was able to maintain its economic vitality.

During the period of 1980 to 1990, Keene's rate of population growth dropped to less than .5% per year. The rest of Cheshire County grew at a rate three times greater than Keene (see Chart 6). Keene's industrial sector decreased in size during this 10 year period. Keene had a large increase in the number of retail establishments and retail jobs, and increased its importance as the marketing hub of Cheshire County. Several former industrial facilities were recycled for retail/commercial use. The number of housing units in Keene increased at a rapid pace, so that for the first time in many years Keene had adequate housing at the moderate and upper income levels.

From the beginning, Keene has been able to have a good balance between growth and quality of life. Economic growth has given Keene the resources to build a fine school system, and to have a city government that has offered a good level of service to its citizens. Keene has maintained its attractiveness as a community, with one of the most beautiful downtowns in New England.

CHAPTER IV. CURRENT ECONOMIC SITUATION

In 1992 Keene continues to be the economic center for Cheshire County area as it has been for many years.

During the early 1990's Keene has experienced an economic slowdown which has affected every sector of its economy. These same economic conditions have been felt in almost every area of the United States and in fact the world. Keene has been fortunate that the slowdown has been somewhat less severe in the Cheshire County area than in other sectors of New Hampshire and New England.

Keene's industrial employment in 1990 was 3,788, down almost 10% from 1980. Non-industrial employment in 1990 was 11,551, up 44% from 1980 (see Chart 4). The Keene area unemployment figures in 1992 have been in the 5 to 6% range, up considerably from five years ago, but still among the lowest in New Hampshire. The decline in industrial employment perhaps has made the present economic slowdown more severe in Keene than previous dips in the economy.

The construction sector has been seriously affected in the Keene area, particularly since 1989, because commercial and residential building has dropped dramatically. The banking industry in New Hampshire saw five large banks go under and be reorganized. One of Keene's banks suffered a similar fate. The result has been a general tightening of credit.

The retail sector has seen sales level off and in many cases drop. Some retail stores have closed their doors. Automobile sales have been down from previous years. On the other hand, stores such as Sun Food have expanded, plans for the Monadnock Mall continue to move along and a new Shaw's market opened in late 1992.

Housing construction in the Keene area has dropped to a fraction of the rather strong pace seen in the 1980's. For the first time in many years, there is a good supply of high

and moderate income housing units both for sale and for rent.

In spite of the growth in the commercial sector over the past 15 years, offices and other commercial facilities are readily available for rent at reasonable prices.

Keene State College has continued to expand its student enrollment and its physical plant. The Keene Clinic and the Cheshire Hospital have continued to grow, in part by reaching out geographically.

After 175 years of steady growth, a large part of the land in the Keene valley has been developed. A large portion of the remaining open land is wetlands or hillsides, or does not presently have the infrastructure to support economic development.

The City of Keene has seen non-property tax revenues shrink with the result that both the operating and capital improvement budgets have been severely restricted. On the other hand, many services, such as welfare, have required greater funding than previously. In 1992 Keene's property assessment value distribution was residential 53% commercial 18%, industrial 8% and tax exempt 21% (see Charts 1 and 2). Translating these figures to a taxable base shows residential 67%, commercial 23% and industrial 10% (see Charts 1 and 3).

The current economic downturn has not eroded Keene's basic economic strength. All sectors of the economy in the Keene area appear at this point to be in a position to rebound when there is an improvement in the general national economy. This latest economic slowdown, serious as it is, would seem to be a pause in the Keene area's continued economic development.

CHAPTER V. ECONOMIC SECTOR ANALYSIS

1. Industrial

The industrial sector is composed primarily of manufacturing companies which fabricate, process and/or assemble materials to make products; also included in this sector are other companies such as research and development organizations, large construction companies, large office complexes that are the headquarters or major branch offices of companies doing business in several states and large distributors who do business in the tri-state area and beyond.

The present tax base of Keene (residential 67%, commercial 23% and industrial 10%; see Charts 1 and 3) should be further diversified by expanding the industrial component. This will stabilize the residential tax burden, provide greater job opportunities and protect the City against rapid economic change. Keene should have as a long range goal of having 20% of tax revenue from industry, recognizing that it will take many years beyond the current planning cycle to attain this goal of 20%.

A strong industrial base is essential to the continued strength, diversity and vitality of Keene's economy as well as the basis for supporting the quality of life. Industrial jobs generally require higher skilled workers and pay higher wages. The importance of industry to Keene should be formally recognized as part of the City's Master Plan. Keene should continue to support a professional effort to attract new industry to the area and to help established industries expand. Keene should work with area towns to attract desirable new industries to the area.

To strengthen the City's industrial base, additional land zoned for industry should be established to provide a basis for industrial expansion during the next 15 years

and plan for additional land for industry in the following 15 years. Ideally, industrial expansion will be sensitive to and compatible with the environment and adjacent land uses, be attractive including good landscaping, be located on City water and sewer and be located near the bypass system.

There should be a diversity of new and existing industry for economic stability in the area. No one company should be dominant in the industrial sector. It is important that there be small, basic industrial facilities available to start-up companies.

The City should create and maintain an environment that will encourage the existing industrial base to grow and prosper. City services should be cost effective in delivery. City regulations and ordinances should be designed to promote expansion to assure that present industries will remain in Keene.

Fast, reliable telecommunications, mail service and air and truck transportation are important services to industries in the Keene area now and in the future.

There will be fewer and fewer "basic jobs" in industry in the coming years. As technologies change, it is important that the education system both prepare students and provide retraining opportunities of the existing work force to handle more highly skilled jobs.

Projection: During the next ten years additional land will need to be made available for industrial growth. The industrial segment is expected to grow 10% to 20% in total by the year 2003 in both tax base and number of jobs if this economic development plan is implemented in full. This would increase the industrial percentage of Keene's tax base from 9.6% in 1992 to over 12% by 2003 and increase the number of industrial jobs by 500 to 1000 by 2003.

2. Residential Housing

The existing housing stock is an essential component of the City's infrastructure and must be preserved whenever possible. The affordability of housing is directly related to the quality and size of the Keene area work force, and must be seen as both a public and a private concern which will require continued cooperative efforts.

Maintaining an adequate work force will be more difficult as the cost of housing continues to increase.

3. **Commercial** (includes retail and wholesale distribution, service facilities, small offices, utilities, etc.)

This sector has grown very rapidly in the last 15 years with a large number of new retail stores and small office complexes. This growth has occurred for the most part in the center core of the City - within the bypass. Future growth in this segment will put additional pressure on Keene's interior road system. Some retail growth will come as a result of the recycling of present facilities, but the largest anticipated growth would be from the building of the Monadnock Mall. With the addition of this large mall, a major change can be expected in the make up for the retail sector. Keene must be watchful that commercial growth does not dominate land use to the point that it precludes growth in the industrial and residential sectors or that such growth would cause a major change in the community make-up.

The downtown area remains the center of Keene's economy and continued investment and attention must be directed at the downtown to assure its long-term vitality. The zoning and infrastructure of the core downtown area should be expanded to encourage and focus future economic growth within the bypass, especially that related to office and retail. The City's downtown lands, including both the railroad land and parking lots, should be evaluated for possible public/private joint ventures.

Increased cultural opportunities are an important part of maintaining a strong local economy and the quality of life. Downtown Keene should be seen as the focal point of the whole County - not just of Keene.

4. **Medical**

The medical services provided by the hospital and the group and individual medical practices in Keene are an important component of the City's economy and these institutions should be encouraged and supported. Future expansion of these medical facilities may require rezoning land adjacent to present facilities. Close cooperation between these medical groups, the City and surrounding property owners is important in the growth of these facilities.

5. Education

Industry will need to work with the school systems to develop programs that will result in a more highly trained and skilled work force to meet the challenges of changing technology. A case needs to be made to the Keene voters that a strong educational system is important to industry and business in the Keene area. There needs to be an increased emphasis on technical training and retraining at both the secondary and post-secondary levels to create a more highly skilled work force to meet industry's needs.

The importance of Keene State College and Antioch/New England to the economic health of the City is significant; there must be ongoing cooperation to assure the continued vitality of these academic centers since they contribute significantly to the "quality of life" of the area.

As Keene State and Antioch expand in the future, cooperation between these schools, adjacent property owners and the City is important on matters of parking, traffic patterns, a river walk and rezoning of land for expansion.

The educational system, including Keene State, Antioch, Franklin Pierce and the voc-tech schools need to be an integral part of the education and training of the work force and for providing a key element to the quality of life in the area. Close, harmonious, working relationships need to be built between these educational institutions and the City Government so that both can work together for the betterment of the community and each other.

6. Tourism

Cheshire County is a small factor in New Hampshire's overall tourist picture (3% to 5% of total). There are opportunities to increase this percent by reaching out to new markets (Connecticut and New York) and by niche marketing - appealing to specific groups of people such as bicyclers, golf groups, etc. The Keene area presently has attractions such as Mt. Monadnock and the pleasant New England rural atmosphere which has resulted in

Cheshire County area being called the "Currier and Ives" corner of New Hampshire. There are additional opportunities to increase tourism by more widely promoting these existing assets.

Keene benefits from tourism through increased retail and service business activities to support visitors. Often tourists who visit Keene decide to move to the Keene area at a later date.

7. Finance/Banking

Consolidation of financial companies will continue in New Hampshire. More state-wide and regional banks will be taking over the smaller banks. There will be fewer branches of these larger banks and more services will be centralized outside of this area.

Keene has been and should continue to be the center of financial institutions in the Monadnock area. Banks should be encouraged to reinvest in the community and to play an important role in the economic growth of this area.

8. General

Maintaining a good transportation system, including a functional State by-pass network and scheduled air and bus services, is essential for continued economic vitality.

Providing an adequate water supply of high quality at a reasonable cost, adequate waste water disposal, solid waste disposal and good fire and police protection are essential to continued economic growth.

The City regulatory system should be reviewed to assure that it provides both necessary protection of the environment, public services and property owners and at the same time encourages reasonable economic growth. Unnecessary regulations should be eliminated. Businesses should feel welcome to Keene and should perceive that Keene is fair and reasonable to do business with.

Many issues (traffic, housing, jobs, etc.) require regional solutions. Keene should work cooperatively with neighboring communities to solve these regional problems.

Keene is the urban center for Cheshire County. At the same time, Keene has been able to maintain many of the characteristics of a large rural town. It is important that this unique balance be maintained as part of the partnership between economic development and quality of life. The visual beauty of Keene contributes to the overall quality of life, and is an important factor in making Keene an attractive place to locate industry and business. Retaining that visual beauty is essential to Keene's continued economic vitality.

Through the master plan process, zoning, public policy statements, investment in the Capital Improvement Program and regulation review, the City should support a stated economic policy and economic plan. The City Government and business need to work together cooperatively on economic development in order to achieve economic growth as proposed by this Master Plan and at the same time maintain the high level of the quality of life of this area. Keene needs to play a positive, cooperative role in working with the area towns to solve regional problems.

Members of Economic Development Plan Committee

Chairman. Philip H. Faulkner, Jr. - Planning Board

A. Ranger Curran, Jr. - Curran-Foskett & Company

Jack Dugan - Keene Industrial Development Co.

Tony Fowler - Greater Keene Chamber of Commerce

David Hill - Markem Corporation

Jay Kahn - Keene State College

Kendall Lane - City Council

Patrick MacQueen - City Manager

Rob Nichols - Southwest Region Planning Commission

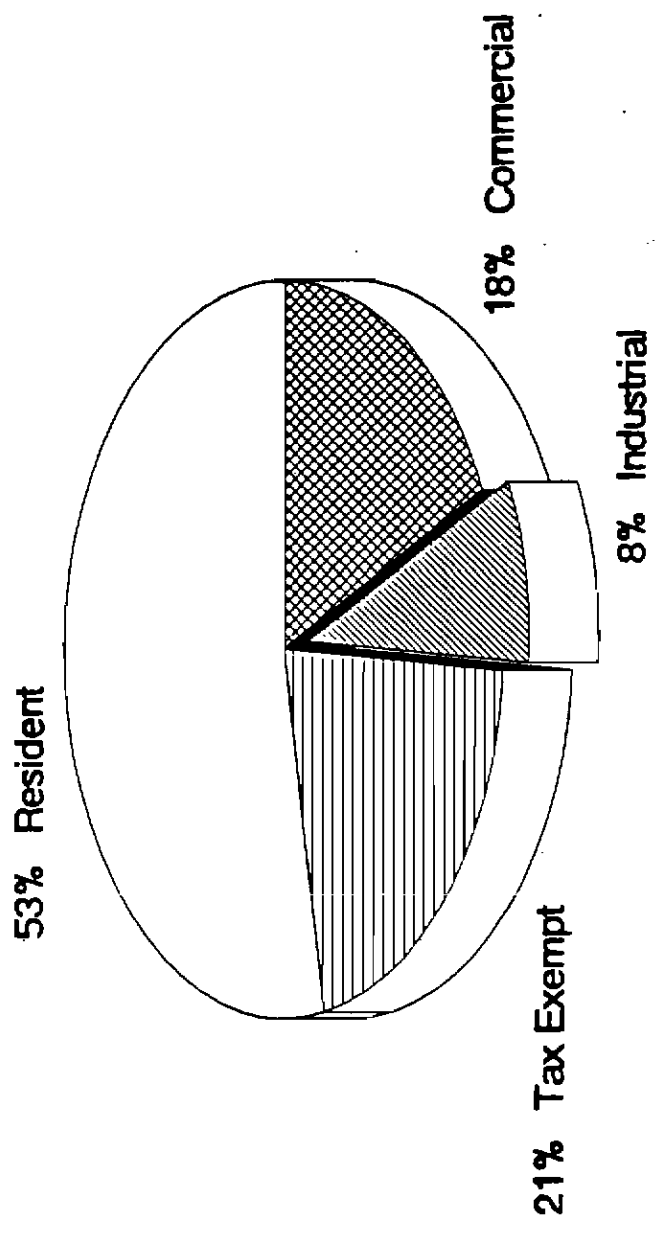
Terry Pindell - City Council

Peter Ryner - Planning Director

Larry Shaffer - City Assessor

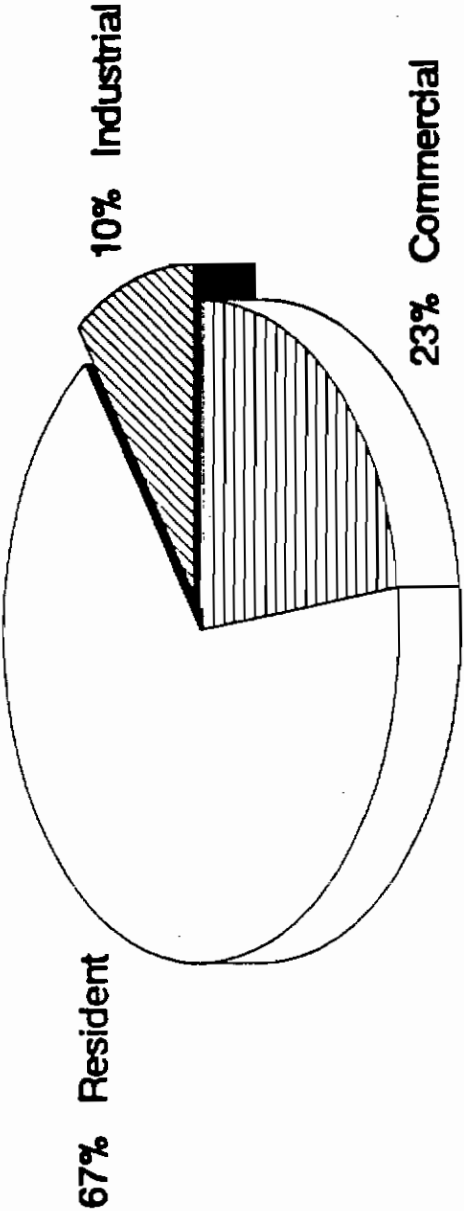
22-Apr-93			
		Ratios by usage	
	'91 Total Assessment Keene*	% of assess Keene	% of tax base Keene
Residential	\$612,220,500	53%	67%
Commercial	\$211,384,300	18%	23%
Industrial	\$87,744,500	8%	10%
Public	\$234,388,200	21%	
	\$1,145,737,500		
* = Adjusted for major commercial business located in industrial zone and to major industrial business in commercial zone			

ASSESSMENT RATIOS IN KEENE 1992



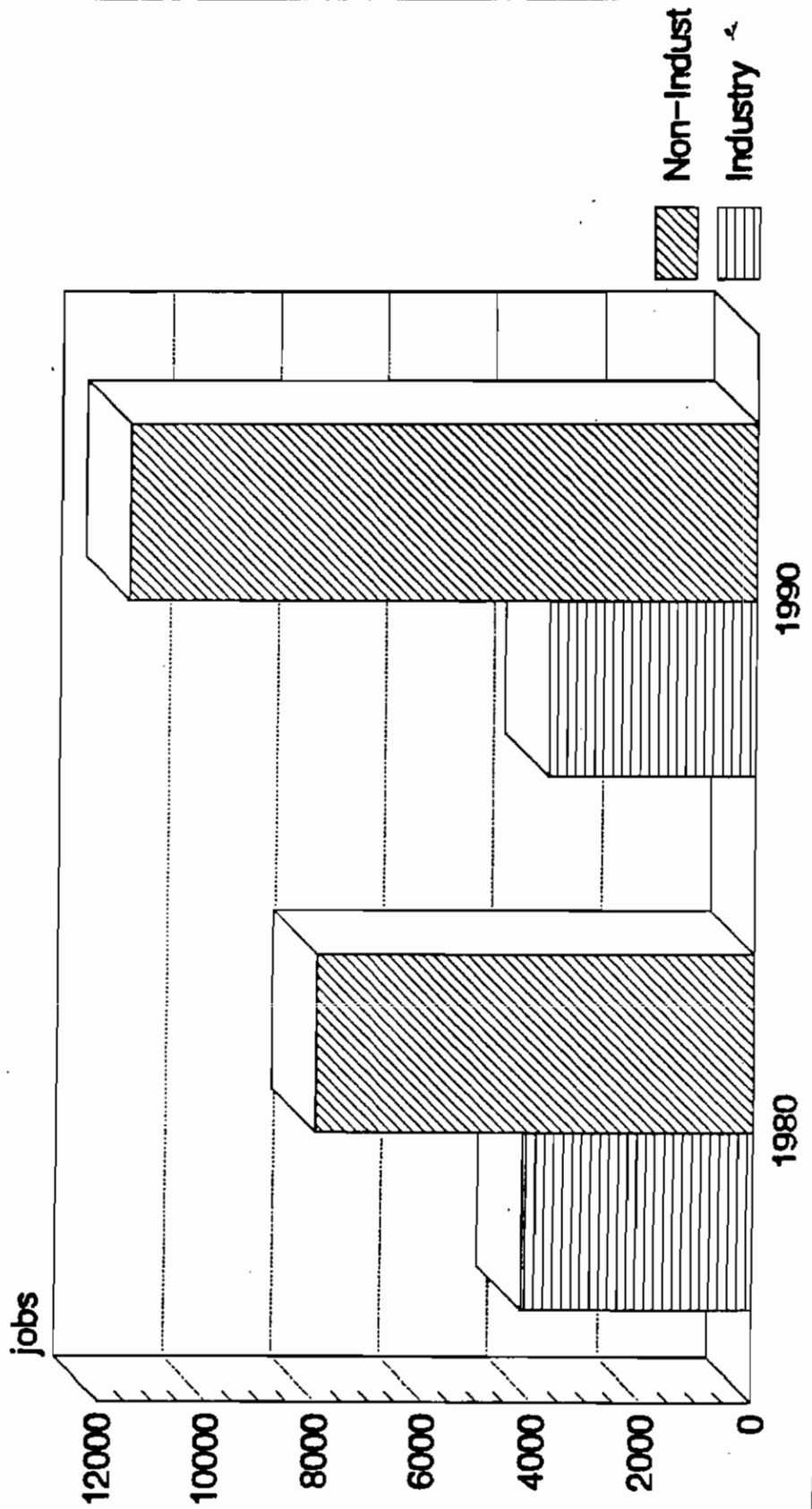
PERCENTAGE OF TAX BASE

1992



KEENE EMPLOYMENT (1980-1990)

9.9% loss of industrial jobs
43.7% increase in non-industrial jobs



22-Apr-93				
	Population Growth - Cheshire County Towns			
Town	1980	1990	% gain	Rank
Alstead	1461	1721	17.8%	11
Chesterfield	2561	3112	21.5%	6
Dublin	1303	1474	13.1%	15
Fitzwilliam	1795	2011	12.0%	16
Gilsum	652	745	14.3%	13
Harrisville	860	981	14.1%	14
Hinsdale	3631	3936	8.4%	18
Jaffrey	4349	5361	23.3%	5
Keene	21449	22430	4.6%	19
Marlborough	1846	1927	4.4%	20
Marlow	542	650	19.9%	10
Nelson	442	535	21.0%	7
Richmond	518	877	69.3%	1
Rindge	3375	4941	46.4%	2
Roxbury	190	248	30.5%	3
Stoddard	482	622	29.0%	4
Sullivan	585	706	20.7%	8
Surry	656	667	1.7%	21
Swanzey	5183	6236	20.3%	9
Troy	2313	2097	-9.3%	23
Walpole	3188	3210	0.7%	22
Westmoreland	1452	1596	9.9%	17
Winchester	3465	4038	16.5%	12
Total	62298	70121	12.6%	
Cheshire County				
minus Keene	40849	47691	16.7%	

