

LIVELIHOOD & COMMERCE WORK GROUP

PRELIMINARY RECOMMENDATIONS **August 2008**



THE VINEYARD ECONOMY is largely driven by its vacationers and seasonal residents, who bring significant economic activity to the island. We need to keep this part of the economy – hospitality, construction, and real estate - robust, vital, and responsive to changing needs. At the same time, a more diverse and stronger year-round economy would be good for the Island’s residents, seasonal and year-round alike. The Livelihood and Commerce Work Group of the Island Plan (L&C Work Group) set out to understand how the Vineyard might support the existing economy, imagine how to improve it, and help our economy assure long-term prosperity for all. The natural beauty and history of the island are matched by the great diversity of its community. In all that we do, we must be certain to protect and build on what we have - our natural resources, our environment, and our cultural heritage.

THIS DOCUMENT ASSEMBLES the L&C Work Group preliminary findings which derive from a series of inquiries, meetings with many islanders (farmers, fishermen, health care workers, school officials, entrepreneurs, employees, and others) and the work of consultants John Ryan of Development Cycles and Michael Shuman and Doug Hoffer of Training Development Corp. Both have done studies for us; their findings are summarized in John Ryan's *Martha's Vineyard Economic Profile* (attached).

THE ESSENTIAL INDICATORS of community – shared core values, caring for one another, civic involvement, good communication - remain strong and rich, but our economy needs to focus on the significant benefits of greater balance to remain strong in the face of upcoming challenges. Greater economic self-reliance means that the Vineyard economy can remain strong and our residents and visitors can count on authenticity, beauty, health, and a strong sense of community as we face the challenges of climate change, peak oil, and globalization.

THE ECONOMIC APPROACHES which might help to strengthen and balance the economy are to:

- ❖ Bolster the existing vacation-based economy;
- ❖ Encourage more Island spending (reduce economic leakage) to foster greater circulation of money within the community (increase economic multipliers);
- ❖ Support local ownership (when those who are conducting commerce are deeply connected to the community they tend to have community interests at heart);
- ❖ Substitute imports through local production, especially of such essentials as food and energy;
- ❖ Stimulate local investment;
- ❖ Increase year-round jobs with living wages;
- ❖ Optimize self-reliance, so that we become less dependent on distant forces and events;
- ❖ Utilize our historic character and geophysical attributes more fully by promoting a greater diversity of off-season activity;
- ❖ Create a robust environment for lifetime learning;
- ❖ Incentivize economic behaviors that protect, restore, and celebrate our environment.

IN SUMMARY, the Vineyard will benefit from a diverse and prosperous year-round economy that enhances our community and environment, that respects our character and history, and that understands that although we are an island we are also part of the larger world. The material that follows consists of the core economic objectives that this work group has developed and the various initiatives we are examining.

PRIMARY ECONOMIC OBJECTIVES



THE PURPOSES of the Livelihood & Commerce work group's effort are to 1) help year-round residents – individuals and families – live meaningful and productive lives in harmony with the values that make Martha's Vineyard unique and 2) to help build a vibrant economy that inspires, welcomes, and enables those who grow up here to stay or return. The following represent six economic objectives that have guided the work group in our deliberations and recommendations:

1. *Emphasize initiatives that are environmentally benign or restorative.*

To truly focus on the long-term economic wellbeing of this island, we must begin with our natural environment. Each initiative we recommend should, ideally, have positive net impacts on the water we drink, the air we breathe, the soil we cultivate, and the natural beauty we enjoy.

2. *Find ways to provide “career path” jobs for the next generation.*

Many young adults raised on the island have expressed a desire to stay here or to come back (if they have gone elsewhere for education, military service, or other work and life experiences). We need to create new work opportunities that utilize our young peoples' educations and provide long-term capacity to grow in skills, responsibility and income. We emphasize this value both for those professionally trained and for those who are not. Equally important are those things that will cause the island to be a welcoming environment for those returning: community vitality and sufficient affordable housing.

3. *Expand the proportion of higher paying “living wage” jobs.*

The main challenge is not to encourage job growth *per se* but to encourage the growth of good-paying, year-round jobs, and to raise the level of pay for all jobs. The universal dilemma of vacation communities like Martha's Vineyard is that costs are high and the type of work needed pays relatively low wages. We need to continuously look for ways to address that imbalance, by adding value within the vacation sectors as well as by facilitating the development of new and existing workforce and continuing educational opportunities not driven by our vacation economy. It also helps to bring jobs that are often “under the table” into the official economy. This is not to say that barter, which is a traditional part of our culture, should not be encouraged, but it is important that workers are not left un-protected if they are injured, require health care, or find themselves unemployed.

4. Use the community's buying power to keep more dollars circulating within the local economy.

One of the key lessons learned in this planning effort is how valuable it is to keep the money earned on the island circulating within the local economy. In the simplest terms, every dollar we spend locally contributes to another resident's financial wellbeing. As long as that dollar keeps getting spent on the island, its benefit multiplies here. Once it leaves the island, its benefit goes elsewhere. This is true not only for our purchases of consumer goods, but also for large expenditures for products like mortgages, insurance, health care, and pre-fabricated homes. For a small island like ours, there are clearly limits to what we can buy locally, but even in our off-island purchases, we need to explore ways we can combine our buying power to purchase those items at a lower cost. The idea is to "buy sensibly" - first: on-island, second: on-island collectively, third: off-island collectively. Creating a Vineyard buyers cooperative might allow us to influence prices on and off island.

5. Create new "export" opportunities appropriate to the Vineyard.

For all the benefits of an economy based on serving the vacation needs of its visitors (lower taxes, lower off-season population and demands) there is a downside to putting all of one's eggs in this basket. Personal and property services for this visitor-based population tend to create economic stratification and dependence on low-wage jobs. We need to concentrate efforts on building the infrastructure and capacity to export high-value services from the island to other places. This might involve development of more web-based jobs, a Vineyard "brand", and new educational services. It may be worthwhile to strategize with high school officials about how our educational system meshes with future economic opportunity, and whether there are improvements that could be made.

6. Strengthen and gradually re-align our core economic activities.

Hospitality, construction, and real estate are our bread-and-butter. Embracing visitors is the driving force of our economy and the hospitality sector can be bolstered with specifically targeted niche marketing efforts. If we over-build the island, however, our natural and cultural resources can become endangered, thereby undermining the economy we count on. Many Vineyarders rely on construction and real estate for good livelihoods, and these sectors are becoming more sustainable as they now deal more and more with already developed properties. The challenge is to continue to make these important sources of income and livelihood durable while being careful to align them with the other purposes of the Island Plan.

SOME PROMISING INITIATIVES



The following represent a number of promising initiatives that spring from the values expressed above and form the basis of the Livelihood & Commerce Work group's recommendations. They are not in order of importance.

The first five initiatives look at the creative stewardship of the island's rich natural resource base in ways that generate interesting, meaningful, living-wage jobs.

1. Create a world-class "heritage" tourism program.

The Vineyard shares a broad range of cultural interests with visitors year round. We should encourage a well-marketed program of educational, ecological, recreational, spiritual, physical, historical, social, and psychological activities that could run off-season (mid-October through April), to attract participants mainly from off-Island, but open to all. It could be a partnership between the Island's hospitality industry and the Island's vital environmental and cultural not-for-profit sector. The goals would be to deepen and lengthen the visitor's experience; provide more interesting and higher-paid work experiences; capture more of the "life learning" market for older visitors; utilize the wealth of knowledge and experience embodied in our retirees; expand the activities and financial base of community organizations; and increase off-season visitation and local spending by residents, tourists and seasonal visitors.

2. Develop new strategies to harness local renewable energy resources.

As an island, we can improve things in many ways by using renewable energy to generate a part (and even, over time, a large percentage) of our power. We need to begin the complex process of establishing community-owned energy-production and energy-conservation programs. Not only will this help keep funds within the Island economy, but it will make high paying, rewarding year-round jobs (in engineering, meteorology, design, financing, environmental assessment, construction, etc.), and keep them here. This is a rapidly growing industry in the Commonwealth in which our state government is investing heavily. Many partnerships are possible. It is also an arena that holds great promise for some of our construction-related businesses.

3. Expand local agriculture and aquaculture.

To encourage more local food production we need to expand the supply of agricultural land for commercially viable agricultural enterprises, develop the island's food processing and production infrastructure (meat-processing facility, fish-processing facility, dairy co-operative) and promote local agricultural and fishery products. This initiative goes well beyond the number of jobs created and the amount of new economic activity generated. The island's working landscape on land and on water is an invaluable resource connecting each of us to our historic roots and to the sources of our food. It adds richness and authenticity to the concept of a "heritage" tourism program, adds to the character of the island, and adds to the market value of real estate. Expanding the cottage industry of "artisan" foods that already exists here, gives meaningful work to those for whom this is a passion, and in some cases combines with regular jobs to make a better living.

4. Consider "formula" business impact on Island character and economy.

So-called "formula" businesses, owned by off-island corporate entities, might, if they became more widespread, bleed funds from the local economy and change the character of our commerce. To what degree should we consider and plan for this? Do they represent any threat at all? Does it make sense to regulate them, as some nearby towns have done, or to suggest to the MVC that they add this kind of commercial activity to the Development of Regional Impact checklist? The L&C work group has no answers to these questions; we have just begun to explore the issue.

5. Encourage the business community to lead the celebration and support of the Island's beauty, heritage, and non-profit sector.

All of these contribute, in ways that we cannot even measure, to the extraordinary nature of our economic climate. Vineyard businesses need to lead the way in protecting and enhancing our environment by embracing low-impact business practices whenever possible. Many do so, but the commitment can be broadened and far more can be done through financial support and ensuring that business practices do not undermine Island Plan values.

The next two initiatives consider how we can act in relation to our purchasing. The emphasis is not on a "buy-local-at-all-costs" doctrine, but rather to buy smart, to buy sensibly, and for everyone to know the effects of their purchasing habits.

6. Increase community awareness of the impact of purchasing decisions and create an integrated “buy local” campaign.

Establish an on-going a mechanism to keep the following inter-related issues in the minds of islanders in ways that will influence individual and institutional actions: buying local products and services, reducing economic leakage off-island, expanding the island’s capacity to provide more and better services for the resident population. As part of the educational effort above, develop a multi-faceted island-wide *Buy Local* campaign that emphasizes the community value, authenticity, and economic advantages of local production and buying.

7. Establish an island-based buying cooperative to provide islander discounts for products and services that must be obtained off-island.

Many big-ticket items will never be economically feasible to support with the island’s population alone. If we could harness our collective purchasing power, however, we may be able to buy automobiles, health insurance policies, and an array of other products and services from off-island providers at wholesale rather than retail prices. The savings would generate a financial benefit and leave more money available to circulate in the local economy. Our geographic isolation has historically translated into paying a premium for items. It may be possible to turn it around into a buying advantage.

The next six initiatives aim to promote local entrepreneurial activities that create year-round, “career path” jobs.

8. Provide entrepreneurial training, mentorship, and technical support to sole-proprietors and micro-businesses in the for-profit sector.

The Vineyard has a thriving culture of sole proprietors and micro-businesses. Over 70 percent of the island’s business establishments have fewer than five employees; in addition, there are roughly 2,000 self-employed individuals and unreported businesses. This seems like an especially ripe environment to build entrepreneurial capacity. What common needs do these sole and micro-businesses have that could be handled more efficiently? What marketing, operational, and financial tools would allow the scope of entrepreneurial activity to grow? What outside linkages and partnerships could begin to export what is done especially well on-island to other locations? In this arena, “continuing education” could have enormous payback over time.

9. Expand the physical and human infrastructure needed to develop the island’s capacity to export professional, scientific, technical, and waste management services and products.

We need appropriate in-town places for these kinds of businesses to locate. A collection of initiatives might lead us in that direction. Some measures that might be considered for commercial development include:

- ❖ Property tax incentives for land owners and/or business owners who satisfy all or some of the following criteria: create year round living wage jobs; locate essential anchor businesses in downtown centers; create import substitution businesses
- ❖ Zoning changes and/or incentives that allow larger buildings in downtown areas and that promote downtown residential and other uses above businesses
- ❖ Areas for art and craft-based and export-oriented small manufacturing and service businesses, and wholesale and industrial uses to locate.

At the same time, we need greater access to local investment capital, stronger business-to-business networking capabilities, and a more integrated marketing effort to support these entrepreneurial activities.

10. Create new financial mechanisms such as a revolving loan fund (“The Vineyard Fund”) to promote investment in local enterprise.

The Vineyard has significant capacity to attract investment capital from those with local ties to the island as well as from our local banking community. This capital can spur the kinds of entrepreneurial efforts needed to develop the heritage tourism concept, expand export products and services, harness local renewable energy sources, and expand agriculture-related production. We need to create simple, locally focused mechanisms that offer community-based investors the opportunity to earn fair-market returns from local for-profit initiatives.

11. Encourage new opportunities for higher learning and continuing education.

The Vineyard has a long history of post-secondary education. Degree and certification programs for teaching, environmental studies, and other carefully chosen areas may be beneficial to many Vineyarders. Some of these may be attractive to off-islanders and make use of under-utilized facilities off-season.

12. Optimize the environment for remote work and telecommuting.

A small but growing sector of island professionals work “freelance” or for a remote employer via computer, telephone, and occasional off-island travel. This is certainly a growing national trend that supports the kind of higher-paying professional work needed to afford life on the island. The Vineyard has many attractions for this kind of work and could develop this sector with greater

intentionality. We need to explore further what infrastructure and linkage characteristics promote development of remote work professions.

13. Strengthen the health and human service sector to meet the needs of an aging population and growing number of retirees.

The number of Vineyarders over 65 will grow dramatically in the coming decade, as Island baby boomers reaching retirement age are joined by seasonal residents moving here to retire. The growing demand for health and human services increases opportunities for businesses and jobs to serve their varied needs.

The last initiative addresses the manner in which the Vineyard presents its economic offerings to the outside world.

14. Establish and market a Martha’s Vineyard “brand” based on our primary economic objectives.

Such a branding exercise can drive marketing efforts in tourism; in professional, scientific, technology, and waste-management initiatives; in renewable energy production; in agricultural and marine products; in local arts and crafts; and in other emerging industries.

CONCLUSION



This document presents objectives and proposes initiatives, but it does not address implementation. If the community agrees with these recommendations, the Livelihood and Commerce Work Group and the Island Plan Steering Committee hopes to work with members of the community – and particularly the private sector – to bring these recommendations to fruition.

ISLAND PLAN

CHARTING THE FUTURE OF THE VINEYARD

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