

## APPENDIX B: THE LOCAL ECONOMY

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During the 18<sup>th</sup> Century, Saco's economy was tied to lumbering, shipbuilding and farming, like much of seacoast Maine. The 19<sup>th</sup> Century brought industrial development to Saco. The Saco River supplied ample power for machinery, and the ocean provided access to markets. In 1800, there were 17 sawmills operating in the area. By the 1830's, Saco was producing 21 million board feet of lumber per year. In 1840, Saco mills employed 1,000 people.

The railroad came to town in 1842, expanding inland market opportunities. Lumber mills had created the critical mass necessary to broaden the manufacturing base. In 1850, there were blacksmith and machine shops, iron foundries, a nail factory, cigar factories, and cotton milling. Leather tanning as well as the manufacturing of shoes, leather belting, harnesses, and carriages prospered. Blessed with the power of the falls, and rail and ocean access to markets, Saco and Biddeford became the region's manufacturing and employment center.

Since the 1950's, Biddeford and Saco's role as a manufacturing center has declined. First came the closing of the textile mills, then the loss of the shoe industry, and more recently, defense downsizing. Precision machine shops are the remaining legacy of the mill economy.

In an effort to rebuild its economic base, the City of Saco has undertaken the development of multi-phase industrial and business parks, which have successfully attracted new businesses. The local economy has undergone a fundamental transition, from one based heavily in manufacturing to one more diversified. The following sections provide an overview of the various aspects of Saco's economy today.

### A. THE SACO LABOR FORCE

Since 2000, the rate of growth of Saco's labor force has slowed from the pace of mid- 2000s. In 2008, according to the Maine Department of Labor, Saco had a civilian labor force of 10,819 people, a 10.9% increase since 2000 (see Table B.1). **From 2008 to 2015, Saco's civilian labor force grew to 10,923, an increase of 2.0%. This decreased growth rate is most likely due to the lackluster economic performance caused by the recession and the aging of the baby boom.**

Saco is part of the Portland- South Portland- Biddeford- Saco Labor Market Area. In 2008 and 2015. Saco workers accounted for just over 5% of the area’s civilian labor force. As a percentage of the York County labor force, **Saco’s work force grew slightly to 10.1% during the same period.**

In 2008, the City’s unemployment rate was 4.4%, which is low. **In 2015, the unemployment rate was 3.4% (398 unemployed persons).** This was lower than the unemployment rate for the state as a whole, and is consistent with ‘nominal’ levels of unemployment. Since then, the rate has risen due to the national recession.

Table B.1: SACO CIVILIAN LABOR FORCE 1990-2008			
	Labor Force (#)	Employed (#)	Unemployed (%)
1990 (Annual)	8,540	8,078	5.4%
% Change '90-'00	14.2%	---	---
2000 (Annual)	9,751	9,517	2.4%
% Change '00-'08	10.6%	---	---
2008 (Annual)	10,819	10,363	4.2%
Saco as % of Portland-South Portland-Biddeford LMA ('00)	5.1%	---	---
Saco as % of Portland-South Portland-Biddeford LMA ('08)	5.4%	---	---
Saco as % of York County ('00)	9.5%	---	---
Saco as % of York County ('08)	9.5%	---	---

Source: Maine Department of Labor

**Saco Civilian Labor Force, 2000 - 2015**

	<b>Labor Force (#)</b>	<b>Employed (#)</b>	<b>Unemployed (%)</b>
<b>2000 (Annual)</b>	9,751	9,517	2.4%
<b>% Change 2000 - 2008</b>	10.9%	-	-
<b>2008 (Annual)</b>	10,709	10,233	4.4%
<b>% Change 2008 - 2015</b>	2.0%	-	-
<b>2015 (Annual)</b>	10,923	10,551	3.4%
<b>Saco as % of Portland - South Portland LMA (2008)</b>	5.3%	-	-
<b>Saco as % of Portland - South Portland LMA (2015)</b>	5.5%	-	-
<b>Saco as % of York County (2008)</b>	9.5%	-	-
<b>Saco as % of York County (2015)</b>	10.1%	-	-

Source: Maine Department of Labor, 2015

**B. EMPLOYMENT BY INDUSTRY**

Over the past decade and a half, Saco residents have experienced a fundamental shift in employment. Between 2000 and 2010, employment in Saco’s manufacturing sector decreased significantly, reflecting the loss of manufacturing jobs. The number of residents and the percentage of local workers working in manufacturing declined (see Table B.2). At the same time, employment in the finance/insurance/real estate and services sectors increased. The services sector has continued to increase significantly. It now employs 1,151 more people than it did in 2000, providing work for almost half of Saco workers.

Saco workers have moved away from manufacturing employment and towards service based work, a trend reflective of the nation as a whole. By the 2010 Census nearly 64% of the local workforce was employed in retail, finance/insurance/real estate, services, or public administration. The diversification of employment has strengthened the local economy. It is less susceptible to the fluctuating fortunes of one or two major employers than in the past.

Industry	1990		2000	
	#	%	#	%
<b>TOTAL</b>	<b>7,698</b>		<b>9,026</b>	
Agric., forestry, fishing, mining	147	1.9%	81	0.9%
Construction	466	6.1%	630	7.0%
Manufacturing	1,646	21.4%	1,232	13.6%
Transportation/utilities	465	6.0%	431	4.7%
Wholesale trade	226	2.9%	389	4.3%
Retail trade	1,394	18.1%	1,290	14.3%
Finance/insurance/real estate	621	8.1%	817	9.1%
Services	2,470	32.0%	3,993	44.2%
Public administration	263	3.4%	163	1.8%

Source: 2000 U.S. Census

Employment patterns of the downtown Saco focus area closely follows that of Saco as a whole with a few exceptions. Employment is higher in manufacturing, service and retail trade and lower in construction and finance, insurance and real estate.

**Employment of Saco Residents by Industry, 2000 - 2010**

Industry	2000		2010	
	# of Workers	% of Total	# of Workers	% of Total
<b>Total Workers, 16+</b>	<b>9,026</b>	<b>-</b>	<b>9,986</b>	<b>-</b>
Agriculture / Forestry / Fishing & Hunting / Mining	81	0.9%	191	1.9%
Construction	630	7.0%	653	6.5%
Manufacturing	1,232	13.6%	950	9.5%
Wholesale Trade	389	4.3%	180	1.8%
Retail Trade	1,290	14.3%	1,181	11.8%
Transportation & Warehousing / Utilities	431	4.8%	329	3.3%
Information	185	2.0%	144	1.4%
Finance / Insurance / Real Estate	817	9.1%	1,043	10.4%
Professional / Scientific / Management / Admin. / Waste Management Services	682	7.6%	917	9.2%
Educational / Health / Social Services	1,958	21.7%	2,687	26.9%
Arts / Entertainment / Recreation / Accommodation & Food Services	721	8.0%	766	7.7%
Other Services (Not Public Admin.)	347	3.8%	489	4.9%
Public Administration	263	2.9%	456	4.6%

Source: U.S. Census Bureau, 2010

**Occupational Profile of Employed Persons, 16+  
Saco Downtown Focus Area, 2016 Est.**

	<b># of Workers</b>	<b>% of Total</b>
Agriculture / Mining	9	0.3%
Construction	158	5.3%
Manufacturing	313	10.5%
Wholesale Trade	15	0.5%
Retail Trade	480	16.1%
Transportation / Utilities	89	3.0%
Information	45	1.5%
Finance / Insurance / Real Estate	197	6.6%
Service	1,511	50.7%
Public Administration	158	5.3%
<b>Total Workers, 16+</b>	<b>2,980</b>	<b>100%</b>

**Source: ESRI Community Analyst, 2016**

The percentages of Saco residents employed in different sectors of the economy follows a similar pattern as the Portland–South Portland Metropolitan Statistical Area (MSA), with some deviation (see Table B.3). Saco has higher proportions of manufacturing, construction, and transportation/utility employment. This is likely a reflection of Saco’s history as a regional manufacturing center.

Table B.3: EMPLOYMENT OF SACO RESIDENTS INDUSTRY SECTOR COMPARED TO				
PORTLAND NECMA 2000				
Industry	SACO RESIDENTS		PORTLAND NECMA RESIDENTS	
	#	%	#	%
<b>Total Employed Labor Force</b>	<b>9,026</b>		<b>138,612</b>	
Agric., forestry, fishing, mining	81	0.9%	1366	1.0%
Construction	630	7.0%	7,647	5.5%
Manufacturing	1,232	13.6%	13,453	9.7%
Transportation/utilities	431	4.7%	5,404	3.9%
Wholesale trade	389	4.3%	5,372	3.9%
Retail trade	1,290	14.3%	20,335	14.7%
Finance/insurance/realestate	817	9.1%	13,590	9.8%
Services	3,993	44.2%	9,787	48.0%
Public administration	163	1.8%	4,867	3.5%

Source: 2000 U.S. Census & Maine Department of Labor

**Employment of Saco Residents by Industry Compared to Portland - South Portland MSA, 2014**

Industry	Saco		Portland - South Portland MSA	
	# of Workers	% of Total	# of Workers	% of Total
<b>Total Workers, 16+</b>	<b>10,191</b>		<b>270,681</b>	<b>-</b>
Agriculture / Forestry / Fishing & Hunting / Mining	60	0.6%	3,263	1.2%
Construction	672	6.6%	16,123	6.0%
Manufacturing	1,033	10.1%	25,846	9.5%
Wholesale Trade	131	1.3%	6,897	2.5%
Retail Trade	1,366	13.4%	35,168	13.0%
Transportation & Warehousing / Utilities	367	3.6%	9,409	3.5%
Information	197	1.9%	5,520	2.0%
Finance / Insurance / Real Estate	898	8.8%	21,643	8.0%
Professional / Scientific / Management / Admin. / Waste Management Services	974	9.6%	28,996	10.7%
Educational / Health / Social Services	2,778	27.3%	71,631	26.5%
Arts / Entertainment / Recreation / Accommodation & Food Services	833	8.2%	25,090	9.3%
Other Services (Not Public Admin.)	390	3.8%	11,347	4.2%
Public Administration	492	4.8%	9,748	3.6%

Source: U.S. Census Bureau, 2014

In terms of Saco’s employment base, the downtown focus area comprises 43.2% of total businesses and 34.5% of employees. Business sectors where the percentage of businesses is higher than that of Saco as a whole are finance, insurance, and real estate (15.9% vs. 12.0%), service (46.7% vs. 41.1%), and government (6.1% vs. 3.75). Business sectors where the percentage of businesses is lower than that of Saco as a whole are: construction (5.3% vs. 9.3%) and retail (16.7% vs. 18.7%). Business sectors where the percentage of employees is higher than that of Saco as a whole are: finance, insurance and real estate (13.3% vs. 6.7%) and government (7.5% vs. 4.8%). Business sectors where the percentage of employees is lower than that of Saco as a whole are: construction (2.5% vs. 4.8%), manufacturing (3.4% vs. 6.0%), and services (41.4% vs. 44.7%).



**Business & Employment Snapshot**

	Downtown Focus Area				City of Saco			
<b>Total Businesses</b>	359				831			
<b>Total Employees</b>	2,789				8,077			
<b>Total Residential Population</b>	5,513				19,119			
<b>Employee / Residential Ration</b>	0.51 : 1				0.42 : 0			
	Businesses		Employees		Businesses		Employees	
	#	%	#	%	#	%	#	%
<b>by SIC Codes</b>								
<b>Agriculture &amp; Mining</b>	8	2.2%	63	2.3%	29	3.5%	126	1.6%
<b>Construction</b>	19	5.3%	71	2.5%	77	9.3%	389	4.8%
<b>Manufacturing</b>	5	1.4%	94	3.4%	25	3.0%	487	6.0%
<b>Transportation</b>	8	2.2%	43	1.5%	25	3.0%	262	3.2%
<b>Communication</b>	2	0.6%	18	0.6%	3	0.4%	32	0.4%
<b>Utility</b>	1	0.3%	4	0.1%	4	0.5%	78	1.0%
<b>Wholesale Trade</b>	2	0.6%	18	0.6%	17	2.0%	197	2.4%
<b>Retail Trade Summary</b>	60	16.7%	703	25.2%	155	18.7%	2,010	24.9%
<b>Home Improvement</b>	1	0.3%	5	0.2%	11	1.3%	89	1.1%
<b>General Merchandise Stores</b>	1	0.3%	35	1.3%	2	0.2%	37	0.5%
<b>Food Stores</b>	10	2.8%	223	8.0%	20	2.4%	398	4.9%
<b>Auto Dealers, Gas Stations, Auto Aftermarket</b>	5	1.4%	50	1.8%	29	3.5%	394	4.9%
<b>Apparel &amp; Accessory Stores</b>	5	1.4%	12	0.4%	7	0.8%	18	0.2%
<b>Furniture &amp; Home Furnishings</b>	3	0.8%	24	0.9%	7	0.8%	42	0.5%
<b>Eating &amp; Drinking Places</b>	19	5.3%	232	8.3%	43	5.2%	610	7.6%
<b>Miscellaneous Retail</b>	16	4.5%	122	4.4%	36	4.3%	422	5.2%
<b>Finance, Insurance, Real Estate Summary</b>	57	15.9%	372	13.3%	100	12.0%	544	6.7%
<b>Banks, Savings &amp; Lending Institutions</b>	32	8.9%	207	7.4%	58	7.0%	270	3.3%
<b>Securities Brokers</b>	4	1.1%	8	0.3%	6	0.7%	15	0.2%
<b>Insurance Carriers &amp; Agents</b>	8	2.2%	39	1.4%	12	1.4%	73	0.9%
<b>Real Estate, Holding, Other Investment Offices</b>	14	3.9%	118	4.2%	24	2.9%	186	2.3%

Source: ESRI Community Analyst, 2016

	Downtown Focus Area				City of Saco			
	Businesses		Employees		Businesses		Employees	
	#	%	#	%	#	%	#	%
<b>Services Summary</b>	166	46.2%	1,195	42.8%	344	41.4%	3,614	44.7%
<b>Hotels &amp; Lodging</b>	5	1.4%	22	0.8%	17	2.0%	122	1.5%
<b>Automotive Services</b>	11	3.1%	52	1.9%	29	3.5%	227	2.8%
<b>Motion Pictures &amp; Amusements</b>	4	1.1%	23	0.8%	26	3.1%	320	4.0%
<b>Health Services</b>	22	6.1%	261	9.4%	43	5.2%	988	12.2%
<b>Legal Services</b>	14	3.9%	75	2.7%	16	1.9%	84	1.0%
<b>Education Institutions &amp; Libraries</b>	13	3.6%	320	11.5%	20	2.4%	671	8.3%
<b>Other Services</b>	98	27.3%	442	15.8%	193	23.2%	1,202	14.9%
<b>Government</b>	22	6.1%	209	7.5%	31	3.7%	338	4.2%
<b>Unclassified Establishments</b>	9	2.5%	0	0.0%	21	2.5%	0	0.0%
<b>Totals</b>	<b>359</b>	<b>100%</b>	<b>2,789</b>	<b>100%</b>	<b>831</b>	<b>100%</b>	<b>8,077</b>	<b>100%</b>

Source: ESRI Community Analyst, 2016

	Avg Employment 2005	Avg # of Employees per Establishment 2005	Avg Employment 2010	Avg # of Employees per Establishment 2010	Avg Employment 2015	Avg # of Employees per Establishment 2015	Percent Growth 2005-2015
Total, All Industries	6,699	12.3	7,011	11.9	7,529	11.5	12.4%
Construction	374	4.1	221	3.3	280	4.0	-25.1%
Manufacturing	706	24.3	777	38.9	729	31.7	3.3%
Wholesale Trade	241	10.5	290	9.7	276	5.3	14.5%
Retail Trade	1,163	20.1	1,056	17.0	1,104	19.0	-5.1%
Transportation and Warehousing	104	11.6	108	7.2	240	14.1	130.8%
Information	80	10.0	87	14.5	92	13.1	15.0%
Finance and Insurance	218	10.9	291	10.8	316	9.9	45.0%
Real Estate and Rental and Leasing	44	2.3	119	5.4	118	6.2	168.2%
Professional and Technical Services	292	4.3	356	4.5	343	3.8	17.5%
Management of Companies and Enterprises	38	12.7	117	23.4	124	24.8	226.3%
Administrative and Waste Services	276	8.6	242	6.1	383	7.8	38.8%
Educational Services	502	125.5	652	46.6	632	37.2	25.9%
Health Care and Social Assistance	1,242	21.1	1,167	15.6	1,313	15.3	5.7%
Arts, Entertainment, and Recreation	297	22.8	360	32.7	383	25.5	29.0%
Accommodation and Food Services	744	14.3	782	13.7	763	13.4	2.6%
Other Services, Except Public Administration	187	4.6	168	3.9	198	4.1	5.9%
Public Administration			175	19.4	179	22.4	2.3%

The Maine Department of Labor collects data on covered employment from businesses in Maine. An analysis of the data indicates that the number of employees in Saco grew from 6,699 in 2005 to 7,529 in 2015, a growth rate of 12.4%. Several sectors experienced a negative growth rate during this time period, manufacturing which declined 25.1% and retail trade, which declined 5.1%. Transportation and warehousing showed the most growth at 130.8%, most likely due to Saco's industrial parks close proximity to the Turnpike. Other sectors that experienced higher growth were real estate and rental and leasing (45%), administrative and waste services (38.8%), arts, entertainment and recreation (29%) and educational services (25.9%). Overall, the average number of employees per establishment declined from 12.3 to 11.5. Sectors that saw greater increases in average employee size were Manufacturing, Transportation and Warehousing, and Management of Companies and Enterprises. Sectors that saw greater decreases in average employee size were Wholesale Trade and Health Care and Social Assistance.

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	Establishments 2005	Establishments 2010	Establishments 2015	Percent Growth 2005- 2015
Total, All Industries	545	588	657	20.6%
Construction	91	68	70	-23.1%
Manufacturing	29	20	23	-20.7%
Wholesale Trade	23	30	52	126.1%
Retail Trade	58	62	58	0.0%
Transportation and Warehousing	9	15	17	88.9%
Information	8	6	7	-12.5%
Finance and Insurance	20	27	32	60.0%
Real Estate and Rental and Leasing	19	22	19	0.0%
Professional and Technical Services	68	80	90	32.4%
Management of Companies and Enterprises	3	5	5	66.7%
Administrative and Waste Services	32	40	49	53.1%
Educational Services	4	14	17	21.4%
Health Care and Social Assistance	59	75	86	45.8%
Arts, Entertainment, and Recreation	13	11	15	15.4%
Accommodation and Food Services	52	57	57	9.6%
Other Services, Except Public Administration	41	43	48	17.1%
Public Administration		9	8	-11.1%

The number of establishments in Saco grew from 545 in 2005 to 657 in 2015, a growth rate of 20.6%. The sectors that showed negative growth during this time period were Construction (-23.1%), Manufacturing (-20.7%), Information (-12.5%) and Public Administration (-11.1% from 2010 to 2015). The sectors that showed to highest positive growth were Wholesale Trade (126.1%), Transportation and Warehousing 88.9%), Management of Companies and Enterprises (66.7%), and Finance and Insurance (60%). The high growth in Wholesale Trade and Transportation and Warehousing is an indication of the growth and importance of Saco's Industrial Parks, which are located in close proximity to the Turnpike and Rail.

## C. COMMUTING PATTERNS

More detailed information on commuting patterns is contained in the Transportation section of this plan.

Nearly 25% of all workers, work in Saco, while 19.5% work in Portland. Nearly 14% work in Biddeford. Around 97.4% of all workers work within the State of Maine, while 52.4% work within York County. Nearly 45% work outside of York County. Of those that work outside of York County, approximately 2.6% work outside the State of Maine. Saco had a 23.8 minute mean commute time in 2014

## D. SACO'S ECONOMIC BASE

From 1825 to the mid twentieth century, the textile and manufacturing industry, including machinery-making, was the foundation of the Saco-Biddeford economy. By 1958, most of the textile mills had closed, bringing an end to the industrial era that served the region for more than a century. The last downtown mill in Saco – a Nike shoe affiliate—closed in 1988. The last textile mill in the area closed in 2009, when West Point – Pepperell in Biddeford shut down. By developing fully-serviced industrial and business parks, the City has successfully attracted a diverse mix of businesses and manufacturing facilities to replace the textile and leather operations.

The City has reserved significant areas for industrial and commercial development near Route 1 and Maine Turnpike, and four business and industrial parks have been developed there in the last thirty years. All commercial and industrial development in Saco is governed by both the site plan review and architectural standards of zoning ordinance. In addition, the quality of recently developed business parks is assured by protective covenants.

Saco's economic base continues to evolve. During the late 1980's and into the 1990's, Saco suffered employment losses due mostly to defense industry downsizing. During this period, Saco Defense (now General Dynamics) lost more than 1,000 jobs. However, these losses were more than offset by growth in Saco's industrial parks: more than 1,000 people were employed in Saco's two industrial parks in 1997. Seven of Saco's twelve largest employers were in the manufacturing sector in 1997. By 2009 that number had

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dwindled to three (see Table B.5).

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Service and retail businesses now comprise more than half of Saco's largest employers. Most of Saco's businesses are small businesses. The manufacturers that remain in Saco, with the exception of General Dynamics, employ fewer than 100 people in each establishment. In 2009, General Dynamics was operating at nearly full occupancy, with more than 400 employees producing armaments for Department of Defense contracts, up from just 179 employees four years earlier.

The emergence of Atlantic Heights, which is nursing home and residential health care continuum services, as a major employer is also indicative of a changing economy.

Table B.5: TOP 15 MAJOR EMPLOYERS IN SACO FOR 2009		
Company	Industry	# of Employees
General Dynamics	Manufacturing	400
Sweetser School	Children's Educational Services	351
Atlantic Heights	Nursing Facility	205
Hannaford Bros.	Supermarket	200
Shaw's Supermarket	Supermarket	160-180
Thornton Academy/Middle School	High School/Middle School	166
City of Saco	Public Administration/Municipal Government	164
Visiting Nurses Association	Health Care	137
Saco-Biddeford Savings Bank	Financial Institution	115
Aquaboggan	Amusement Park	87
Prime Toyota	Car Dealership	87
Casco Bay Steel	Manufacturing	54
Michaud Distributors	Distributor	54
Yale Cordage	Manufacturing	53
Reny's Department Store	Retailer	42

Source: Saco Planning Department

### E. TOURISM/HERITAGE TOURISM

Due to its location on the Southern Maine coast, tourism is an important component of Saco's economy. Saco's beautiful beaches, the Saco River, historic downtown, and the shopping district provide visitors with many recreational and cultural opportunities. Several Saco businesses supply goods and services to tourists. Visitor services include motels, campgrounds, water parks, a theme park, the trail system, and other outdoor activities.

The City and affiliated organizations have taken an increased role in heritage tourism. The City was able to obtain a \$47,500 from the Preserve America Program and other sources to support a major permanent regional history exhibition at the Saco Museum, with a small overview of the exhibit at the Saco Transportation Center. A colorful set of historic panels along Main Street was another joint City and Saco Museum program. A revamped National Register district walking tour is now available, and another set of Main Street historic panels – these in 3-D – is forthcoming.

The state encourages a regional approach to tourism, and it organizes in several regions for tourism promotion. Southern Maine is called “The Beaches.” The Chamber of Commerce is considering affiliating with this regional promotion program.

## **F. THE RETAIL SECTOR**

Together with Biddeford, Saco has historically served as the commercial center for the region. Saco’s retail community fulfills four economic roles:

1. Community Retail Center – a number of businesses (including the Saco Valley Shopping Center and Hannaford Plaza) provide for the day- to- day needs of residents in the Saco Trade Area.
2. Specialty Retail Center – a portion of the Saco retail community focuses on meeting the needs for specialty goods from a regional market. While some of these businesses are located in downtown, others are located in the Route One Corridor.
3. Automobile Sales – a significant portion of Saco’s economy is the sale of new and used automobiles. Typically, car dealerships account for more than half of Saco’s annual taxable retail sales. Saco’s auto businesses are clustered along the Route One Corridor.
4. Tourist Businesses – a group of Saco businesses are oriented to providing goods and services to meet visitor needs. A number are seasonal.

Within the Biddeford Economic Summary Area (Biddeford, Buxton, Dayton, Hollis, Limington, Old Orchard Beach, and Saco), Saco has gained some market share of total consumer sales. From 2010 to 2015 Saco’s share of total consumer sales of the ESA has increased. In 2010, Saco’s percentage of the ESA was 37.5%. It reached a high of 39.4% in 2012; however it has fluctuated since then to 39.3% in 2015. (see Table B.6 and Figure B.1)



Table B.6: TAXABLE TOTAL CONSUMER SALES 2004-2009 <i>(in thousands of dollars)</i>			
	Saco	Biddeford ESA	Saco as % of ESA
2004	\$236,975	\$600,058	39.5%
2005	\$247,810	\$637,688	38.9%
2006	\$245,078	\$677,705	36.2%
2007	\$244,448	\$719,838	34.0%
2008	\$262,919	\$720,402	36.5%
2009	\$252,291	\$680,577	37.1%

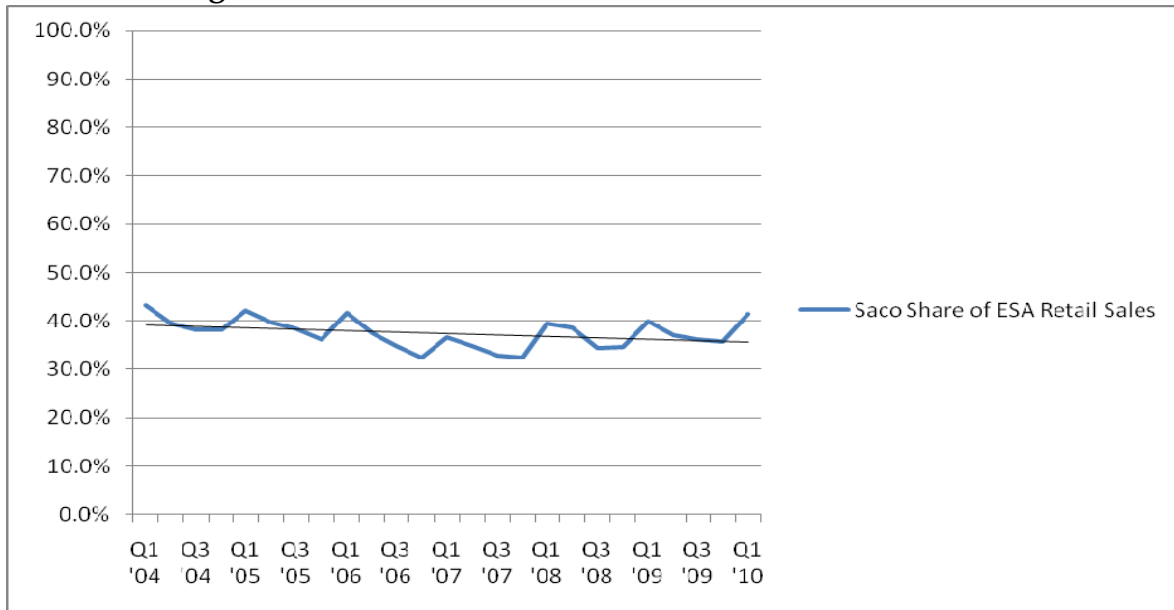
Source: Maine Retail Sales Reports, Maine State Planning Office

**Taxable Total Consumer Sales, 2010 - 2015**  
*(in thousands of dollars)*

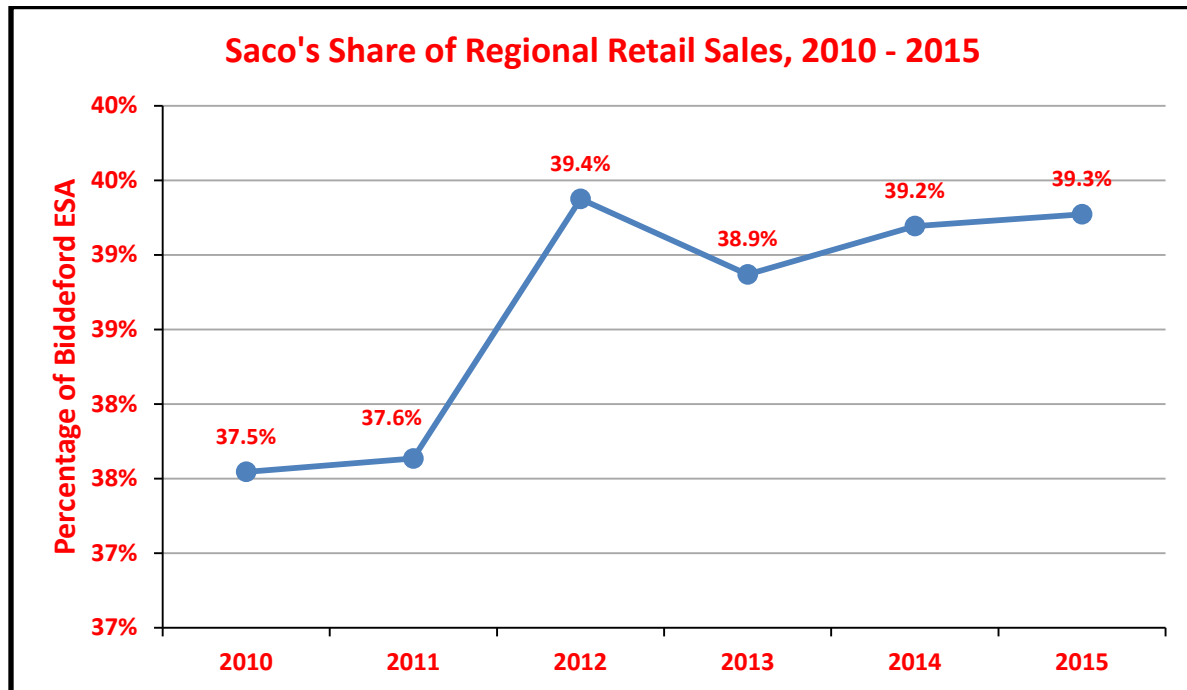
	Saco	Biddeford ESA	Saco as % of Biddeford ESA
<b>2010</b>	\$263,562.00	\$701,970.30	37.5%
<b>2011</b>	\$271,629.70	\$721,749.00	37.6%
<b>2012</b>	\$295,289.50	\$749,928.30	39.4%
<b>2013</b>	\$296,111.10	\$761,814.40	38.9%
<b>2014</b>	\$311,290.80	\$794,237.60	39.2%
<b>2015</b>	\$323,922.70	\$824,803.50	39.3%

Source: Maine Department of Policy & Management, 2015

**Figure B.1: SACO SHARE OF REGIONAL RETAIL SALES**



Source: Maine Retail Sales Reports, Maine State Planning Office



Source: Maine Department of Policy & Management, 2015

In most years, automobile sales are the single largest component of Saco’s total consumer sales. From 2010 to 2015, Saco’s percentage of ESA sales of automobiles has remained stable from 84.3% to 84.2%. Automobile sales have continually risen from \$176,265 in 2010 to \$224,375 in 2015.

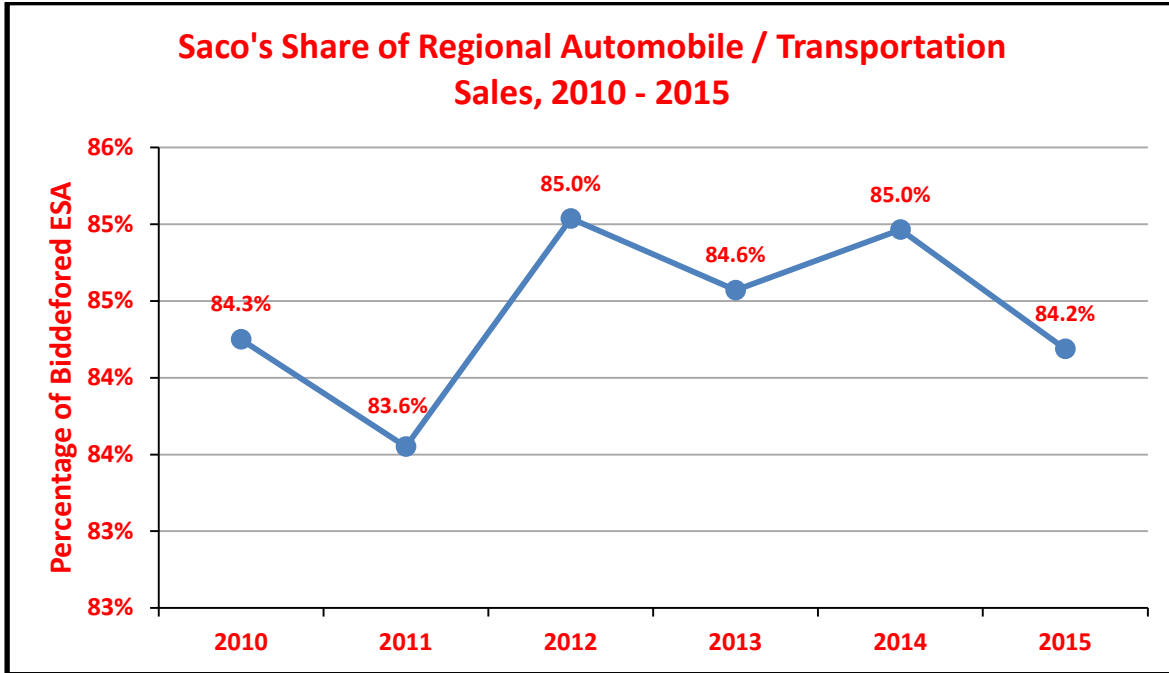
Table B.7: AUTOMOBILE SALES 2004-2009 <i>(in thousands of dollars)</i>			
	Saco	Biddeford ESA	Saco as % of ESA
2004	\$151,974	\$197,831	76.8%
2005	\$157,216	\$198,113	79.4%
2006	\$149,904	\$190,405	78.7%
2007	\$149,259	\$185,520	80.5%
2008	\$170,093	\$206,596	82.3%
2009	\$165,591	\$197,897	83.7%

Source: Maine Retail Sales Reports, Maine State Planning Office

**Taxable Total Automobile / Transportation Sales, 2010 - 2015**  
*(in thousands of dollars)*

	Saco	Biddeford ESA	Saco as % of Biddeford ESA
<b>2010</b>	\$176,265.30	\$209,216.10	84.3%
<b>2011</b>	\$185,509.10	\$222,030.40	83.6%
<b>2012</b>	\$205,755.00	\$241,959.20	85.0%
<b>2013</b>	\$205,043.00	\$242,453.10	84.6%
<b>2014</b>	\$216,994.50	\$255,392.20	85.0%
<b>2015</b>	\$224,375.00	\$266,516.40	84.2%

Source: Maine Department of Policy & Management, 2015



Source: Maine Department of Policy & Management, 2015

Table B.8 shows taxable sales for food stores, general merchandise, and other retail categories from 2010 to 2015. Taxable sales data provide information about everyday consumer purchases, which are less susceptible to large fluctuations than big purchases. Saco's percentage of total retail sales for food, general merchandise, and other retail categories increased from 18.4% in 2010 to 19.7% in 2015. Figure B.2 shows the increase.

Table B.8: FOOD/GENERAL MERCHANDISE/OTHER RETAIL TAXABLE SALES 2004-2009 (in thousands of dollars)			
	Saco	Biddeford ESA	Saco as % of ESA
2004	\$43,025	\$161,781	26.6%
2005	\$48,158	\$184,678	26.1%
2006	\$47,458	\$207,688	22.9%
2007	\$46,526	\$230,060	20.2%
2008	\$46,203	\$231,448	20.0%
2009	\$42,813	\$221,087	19.4%

Source: Maine Retail Sales Reports, Maine State Planning Office

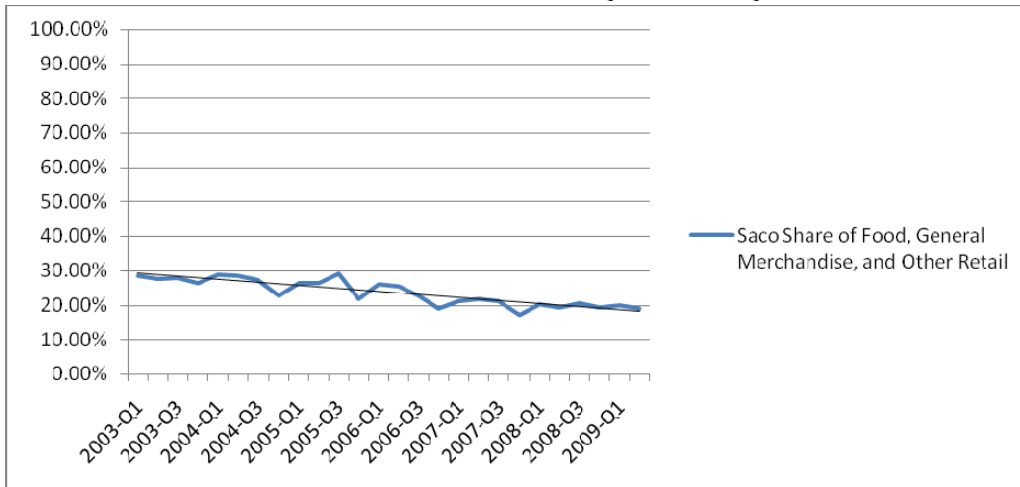
**Taxable Total Food / General Merchandise / Other, 2010 - 2015**  
(in thousands of dollars)

	Saco	Biddeford ESA	Saco as % of Biddeford ESA
<b>2010</b>	\$41,330.40	\$225,029.20	18.4%
<b>2011</b>	\$41,414.70	\$226,103.60	18.3%
<b>2012</b>	\$43,660.20	\$233,403.00	18.7%
<b>2013</b>	\$44,097.60	\$239,450.00	18.4%
<b>2014</b>	\$46,429.40	\$245,073.30	18.9%
<b>2015</b>	\$49,346.20	\$250,483.90	19.7%

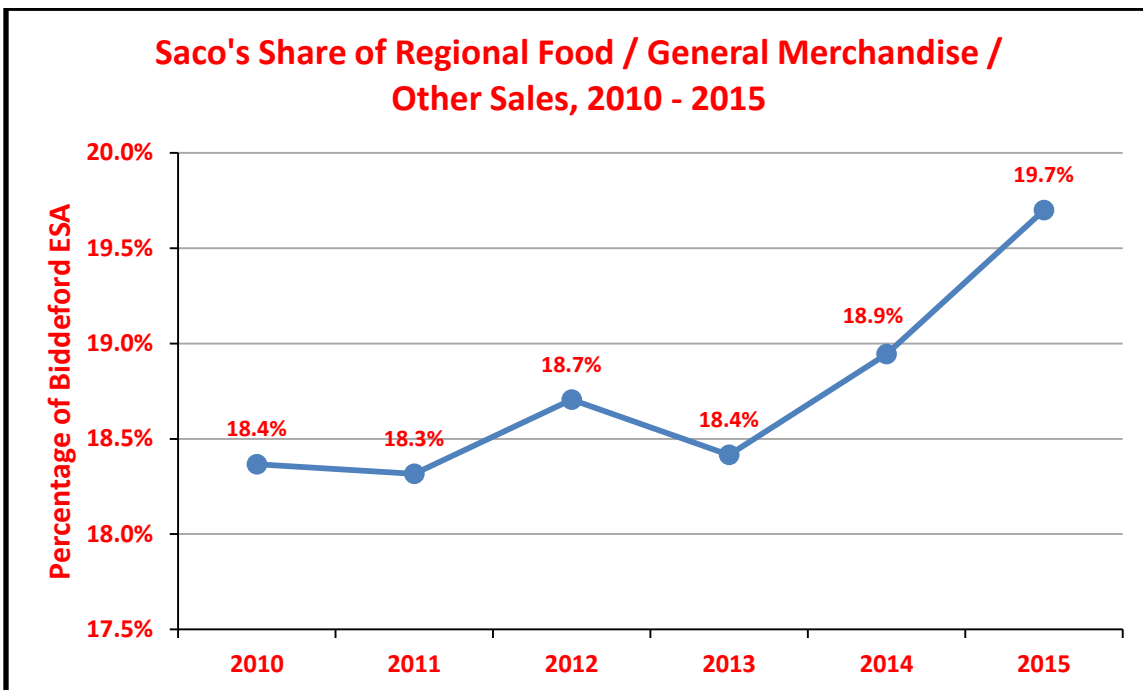
Source: Maine Department of Policy & Management, 2015

It is important to note that while Saco’s proportional share of the sales has declined, its total sales volume has not. As Figure B.3 on the following page shows, Saco merchants have increased their sales volumes slightly. The City’s relatively steady share is also likely due to increases in its share of auto sales, especially in recent years. As general merchandise retailers develop their businesses in Biddeford, Saco is specializing in other areas.

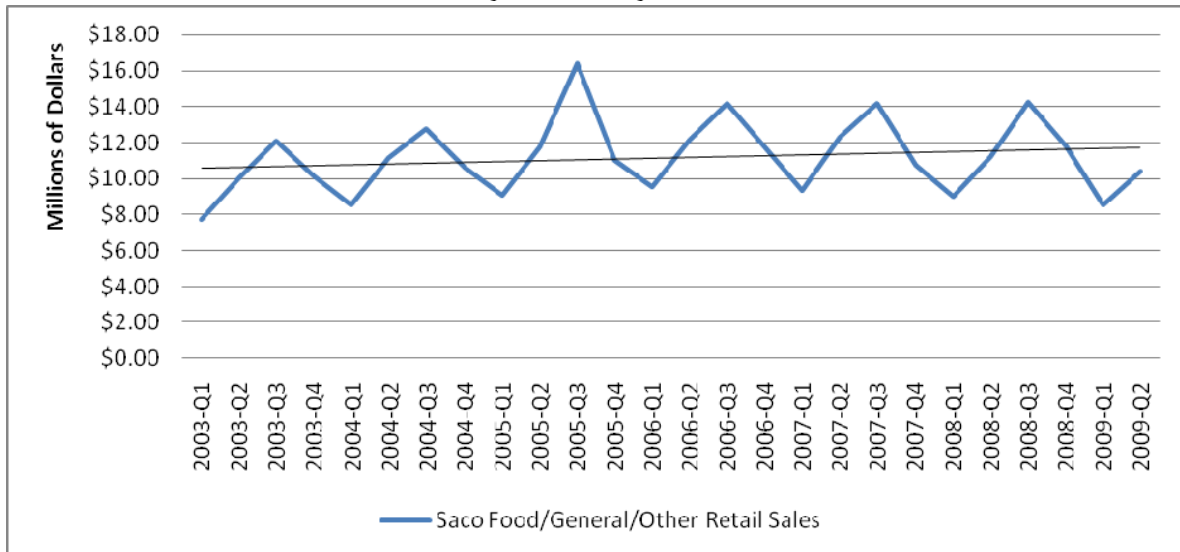
**Figure B.2: SACO'S SHARE OF FOOD/GENERAL MERCHANDISE/OTHER RETAIL SALES Q1 2003 – Q2 2009**



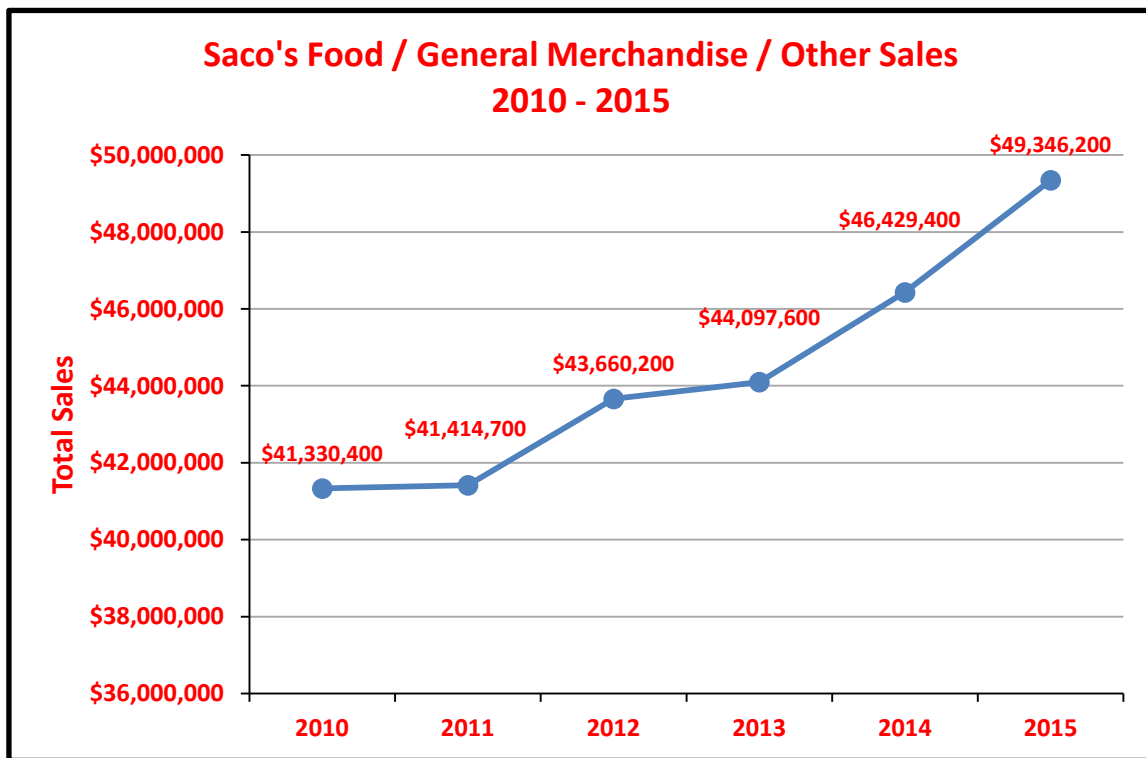
Source: Maine Retail Sales Reports, Maine State Planning Office



**Figure B.3: SACO FOOD/GENERAL MERCHANDISE/OTHER RETAIL SALES  
Q1 2003 – Q2 2009**



Source: Maine Retail Sales Reports, Maine State Planning Office



Source: Maine Department of Policy & Management, 2015

## **G. THE SERVICE SECTOR**

Saco plays an economic role as a professional and financial services center for the region. It is an important aspect of the City's economy. Saco shares this role with Biddeford. Expansion of Saco and Biddeford Savings Institution, which is based here, and the relocation of People's Choice Credit Union's main office to Saco, as well as new branches by other banks and credit unions, is indicative of growth in the last decade.

Health care is another area with new activity. Atlantic Heights, a health care provider, is now among the city's largest employers.

## **H. DOWNTOWN**

Saco's bustling downtown is supported by the City and by Saco Maine Street, a National Main Street affiliated organization. The City has invested more than \$3 million in Main Street improvements over the last five years, including the reconstruction of sidewalks and streets, the undergrounding of overhead utilities, and other changes in design, infrastructure, and physical condition. Additional municipal investments in the downtown include the \$2.4 million Saco Transportation Center, the Amtrak station which serves the Downeaster.

Living in downtown Saco is now perceived favorably and developers have noticed, not just on Saco Island but also in the approximately 300 condominiums built in a ring around the downtown in the past decade. The positive image for downtown Saco has been noted by the Saco Island developers and many others. "Saco" is a better "brand" than a decade ago to those who do not live or work here. Large scale new activity on Saco Island and in the Biddeford mill district will help provide additional local market supports for downtown businesses.

Saco completed a downtown plan in 1998 and updated it in 2007. The major recommendations from 1998 downtown plan:

- Encourage mixed use redevelopment of Saco Island using TIF and other incentives
- Create organization to manage downtown using National Main Street approach (Saco Spirit)



- Connect west side parking
- Add parking near Pepperell Square
- Improve parking, parking signage, parking management
- Build train station
- Rehab Main Street – Pepperell Square
- New signage, orientation signage.

Substantial progress has been made on all but the west side parking. Saco Island is being redeveloped. Saco Main Street coordinates much of the activity in the downtown. Parking has been added and improved. Main Street and Pepperell Square have been rebuilt beautifully and now the Main Street section from City Hall to Beach Street has also been completed. New signage and orientation signage has been designed and installed.

The 2007 plan emphasizes support of Saco Spirit's efforts for the downtown. It also has long lists of detailed recommendations. Among them several seem particularly relevant to the Comprehensive Plan. The following are derived from that plan:

- Continue to reinvigorate downtown's "streetscape" and parking lots;
- Plan a pedestrian bridge to Biddeford, mill district to district;
- Plan for housing expansion and improvement in the downtown;
- Plan for Saco and Biddeford's role in the Creative Economy, which has led the revitalization of many downtowns. Saco's environmental leadership and heritage tourism may also have a role.

Streetscape work has continued in the City Hall to Beach Street section; **a pedestrian bridge with Biddeford has been completed**; housing growth continues downtown; heritage tourism has been addressed with an Amtrak Station, a major permanent makeover of the Saco Museum with a regional history exhibition; a Main Street history trail, a National Register District walking tour, and an upcoming 3-D historic panel program.

The relocation of the Central Fire Station and the **pending redevelopment of the** Notre Dame church **into 80 residential units**, as well as the mill space on Saco Island, provides significant opportunities for downtown redevelopment.

## **I. HOME- BASEDEMPLOYMENT**

While there are a number of home- based businesses in Saco, there is no 2009 data available on home- based employment. The U.S. Census reported that 268 people (fewer than 3% of the population) worked from home in 2000.

## **J. ECONOMIC DEVELOPMENT**

### **1. Local and Regional Economic Development Plans**

During the past five years, three economic development plans which include the City of Saco have been developed: the Southern Maine Economic Development District Community Economic Development Strategy (available from the Greater Portland Council of Governments); the City of Saco Downtown Plan; and the City of Biddeford Mill District Study.

### **2. Economic Development Incentive Districts**

#### **Tax Increment Financing Districts**

Tax Increment Financing (TIF) is a tool that enables the City to reduce the tax burden on new developments while sheltering the City from potential losses in state education funding and revenue sharing as a result of the development. Saco has 7 Tax Increment Finance Districts.

#### ***Saco Island***

The City established the Saco Island Tax Increment Financing (TIF) District in 1985. It was amended in 1986. The agreement required the developer to make certain improvements and required the City to establish a sinking fund. The developer and his successors were reimbursed for the improvements.

In March 1999, the Maine Department of Economic and Community Development (DECD) accepted the City's application to amend the Saco Island TIF District as part of the City's continuing revitalization effort of the downtown and Saco Island, and in response to the need for a train station. DECD authorized the City to capture the increased assessed value for 15 years, add approximately 7.5 acres to the District, and revise the program of public improvements to include parking areas within 500 feet of the district.

The Saco Island TIF was amended again in September 2007, and some land was removed from the district and placed in a separate district, the Saco Island Renaissance TIF district. This had no financial implications this fiscal year.

### *Saco Island Renaissance*

The Saco Island Renaissance TIF district was approved in September 2008. The developer, Mattson Development, plans to complete approximately \$80 million in mixed-use mill rehabilitation projects over the next several years. This TIF is for 95% of the new value for 15 years, and 90% of the value for the following 15 years. 5% and 10% of the project respectively remains outside of the TIF agreement. TIF funds will be returned to the developer under a credit enhancement agreement (a contract between the City and the developer). This development program was changing as this plan is being developed and is likely to be rewritten in the near future.

### *First Light Technology*

In 1997, the City formed a TIF District to assist First Light Technology, Inc. in acquiring real estate and constructing a manufacturing and research building, and to assist the City to pay for or finance necessary public improvements. The benefits to the company are complete and now available for public improvements.

### *Spring Hill*

In March 2002, the City established the Spring Hill Municipal Development TIF District in the Spring Hill section of the Saco Industrial Park and adjacent areas. The adjacent areas include a portion of the railroad right of way for the Saco Industrial Park, a portion of the proposed Saco 67 Business Park across Route 1 from the Spring Hill section, and a portion of the Route 1 right of way where the installation of a traffic light and a sewer are contemplated.

The goals of the TIF district are to:

- provide serviced business park lots
  - permit the purchase of land
  - provide for additional rail service to an existing industrial park
- provide for traffic improvements, such as a traffic light required by the industrial developments, and
- provide for the installation of a public sewer system in an area of industrial, business, and commercial zoning to enhance the facilities for business and industrial development.

During the first 10 years of the development program, the City will capture 100% of the increase in assessed value due to the real property improvements, allocating all 100% to the development program.

The Spring Hill TIF was amended on October 7, 2008. Boundary changes removed a 12- foot strip to the Scarborough line, and added one lot to the district: the site of a new IMAX theater. The TIF revision creates a mitigation fund for a fifth lane on Route 1, which MDOT required for the IMAX Theater (\$118,000), and extends the end date of the TIF 10 years beyond the original 2012 expiration, to 2022.

***Park North***

The Park North TIF, approved September 12, 2008, is for 100% of the tax increment for 20 years, with 70% reimbursing the developer for a sewer extension. The developer has paid for the costs and financing of the sewer extension, and for a pump station serving the project (this includes only large sewer mains, not local service mains within the development). The sewer cost is estimated at \$3.5 million, although financing could double the cost. It is estimated that reimbursement to the developer could take up to 11 years. The remainder of the TIF - - 30% in the early years, 100% later - - will be used by the City for improvements in the district and the area of the project and for qualifying economic development projects.

***Industrial Park Road***

The Industrial Park Road TIF was approved March 16, 2008, and is for 100% of the tax increment through 2027. The entire increment will be treated in a special fund by the City and used for construction of roads and sewers and sidewalks, including improvements to a portion of North Street and a portion of Industrial Park Road. An agreement has been reached with People's Choice Credit Union to reimburse the company \$100,000 for intersection improvements by reimbursing 50% of its taxes each year.

***Franklin Fuels***

The Franklin Fuels TIF (Incon- Intelligent Controls) was approved on March 24, 2009. The TIF captures 100% of captured assessed value. The agreement returns 45% of taxes to Franklin Fuels, which has erected a new industrial building for manufacturing fuel tank monitoring equipment and other electronic detection devices. The TIF retains 55% for City public improvements and economic development programs through fiscal year 2019.<sup>1</sup>

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<sup>1</sup> City of Saco

## **Pine Tree Zone**

Before LD1473 became law in 2009, Saco had designated areas in the mill district and industrial sections of the City as Pine Tree Zones. The new law expanded the Pine Tree Development Zone program from a limited location to a statewide program. The entire City of Saco is now a Pine Tree Zone.

## **K. ISSUES AND IMPLICATIONS**

The review of Saco's economy suggests the following issues and implications that need to be addressed in the policies:

- Saco has had some success in diversifying its economy in recent decades after the earlier industrial decline in the region. Increasing the number and quality of jobs remains an on- going issue for the community.
- Over the past twenty years, Saco's economy has become much more entwined with the Greater Portland and Boston Metro economy. This changes the economic role of Saco businesses and increases Saco's desirability as a bedroom community.
- Saco continues to function as both a community retail center and as a niche regional center for certain types of goods and services. These roles will continue to evolve impacting the type and location of facilities needed to serve these markets. Downtown Saco and the Route 1 corridor can continue to serve these markets.
- Saco's downtown is a major economic asset for the region. The City should continue its efforts to strengthen it.
- The City should consider measures to maintain potential Interstate highway access.
- The City should continue to be selective in pursuing growth opportunities. It should emphasize the quality of the companies, the quality of the buildings and especially the quality of the jobs in encouraging growth.