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TOWN OF DUDLEY ECONOMIC DEVELOPMENT STRATEGIC PLAN, PHASE 1: COMMUNITY ASSETS

REPORT AND ANALYSIS PREPARED BY THE CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

1) PROJECT BACKGROUND

This Community Assets report is phase one of a three phase proposed planning project in the Town of Dudley. This project will help Dudley develop an economic development vision, strategy, and implementation framework. This first phase will support Dudley in its goal of pursing Community Compact Best Practice "Preparing for success through the development and goals of the community that foster the successful completion of public/private/nonprofit projects."

This project has three distinct phases. Project phases include:

Phase 1: Asset inventory and participatory planning (visioning) activities (completed)

In Phase 1, the Central Massachusetts Regional Planning Commission (CMRPC) identified economic development assets and opportunities through consultation with town officials, key stakeholders, field work, and review of existing materials. Additionally, CMRPC solicited feedback from Dudley business owners and other economic development stakeholders. CMRPC will use findings from this process to identify key "Opportunity Areas" for potential investment or reform. For the purposes of this report, an Opportunity Area refers to either a geographic district or segment of the economy that can be better developed for economic growth. These together informed the following Phase 1 deliverables:

- Community Asset inventory
- Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis of identified Opportunity Areas
- Economic Development Vision Statement

Phase 2: Regulatory and procedural analysis (subsequent phase)

In Phase 2, CMRPC will review Dudley's regulations and procedures for best practices and missed opportunities. This review will include regulations and procedures related to zoning, permitting, and

customer services. To assist in this process, CMRPC will plan and facilitate workshops with business owners, residents and other stakeholders in the "Opportunity Areas" identified in Phase 1.

Phase 3: Implementation/ next steps framework (subsequent phase)

In Phase 3, CMRPC will use findings from phases 1 and 2 to develop a robust framework for implementation. This framework will include a listing of resources, policy recommendations, and marketing strategies.

PROCESS AND METHODOLOGY

ASSET INVENTORY

Asset inventories provide an alternative to conventional economic development methods. Traditionally, municipality might first work to identify existing market gaps in its community. Then, having identified gaps, municipalities often attempt to attract one or more large firms to fill them. In contrast, an asset inventory focuses on the strengths already present in the community. By identifying existing strengths, communities are better able to leverage existing assets to promote growth. This Asset Inventory, and its next phases, is built on work that was done as part of the Priority Development projects undertaken by CMRPC communities in 2012. The project divided the CMRPC region into sub-regions. Dudley, which participated in the Central 13 phase of the 2012 project, identified 3 priority development areas. The commercial and industrial asset inventory is based on these three priority development areas. CMRPC also reviewed the following prior planning efforts and data sources:

- 2000 Master Plan
- 2004 Community Development
- 2012 Economic census
- Open space Data
- CEDS economic indicators
- DBA data
- Assessor's data from the Computer Assisted Mass Appraisal (CAMA) system

COMMUNITY VISIONING

One of this project's key goals was to lay the groundwork for a comprehensive community vision statement. This statement allows residents, town officials, business owners and other stakeholders the opportunity to articulate how economic development strategies in Town will be guided. This vision is meant to be broad and to encompass as many common goals as possible. To incorporate a wide range of input, the visioning was conducted simultaneously with two distinct stakeholder groups, residents and business owners. The findings from this process will be discussed in section XX.

SWOT ANALYSIS

The final step for this process was to use the new community vision to examine the opportunity areas identified in the asset inventory. CMRPC analyzed the four main opportunity areas through a basic

Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis. A SWOT analysis is a useful tool for framing the issues and opportunities in each of the studied areas.

2) FINDINGS

COMMUNITY PROFILE

The Town of Dudley, located in southwest Worcester County, borders Charlton on the north, Oxford and Webster on the east, Connecticut on the south, and Southbridge on the west. The town measures twenty-two (22.1) square miles, twenty-one of which are land. The remaining one square mile is water. Dudley has a population of 11,390 residents, the majority of which (93%) are white (U.S. Census Bureau, 2010 Census). As reported in the 2010 Census, there are just over four thousand (4,062) households in Town. The town is a member of the Dudley-Charlton Regional School District.

The town is a predominately rural community and shares a Main Street with Webster, which, until 1832 was a part of Dudley. The town was incorporated in 1731 by English settlers residing in the Dudley Hill area. Dudley's landscape provided quality farm land for the first few generations of settlers. As a result, the town was dominated by agriculture until the early 19th century. Industry took root in the early 1800's along the French River corridor, where numerous textile mills were established. One notable mill that still stands today is the Stevens Mill on XXX Street in Dudley. During this early period of industrialization, manufacturing and commercial industry developed in clusters along the French River. This area served as Dudley's main commercial center until 1832 when the east bank of the French River was incorporated into the new town of Webster. This move substantially reduced Dudley's population and severed a large portion of the town's commercial activity.

Dudley retained many of the mills along the western bank of the French River and saw some new industrial development along the Quinebaug River in the late 19th century. Beginning in the early 20th century however, manufacturing in the region began to decline steadily, with most of the more productive mills moving south or ceasing operations by the Great Depression.

Agriculture still plays a significant, if much reduced role in the town. Numerous farms are currently operating in Dudley, such as Couet Fromagerie, Walnut Hill farm and others. The town boasts XX acres of protected farm land that is suitable for cultivation. The town's rural character, its quality schools, and its small-town feel have made the town an attractive area for home buyers.

KEY INDICATORS

POPULATION GROWTH

According to the 2010 census, Dudley's population was 11,515. By 2015, the American Community Survey estimates the town added 125 new residents, or about 25 new residents per year. Population projections predict the town will reach more than 12,000 residents by 2040, adding an average of around 37 new residents per year over the next thirty years. The town has seen a higher than average ratio of persons per household over the years, with an estimated 3.05 persons per household. This figure suggests a higher than average percentage of children in each household.

Figure 1 shows how this rate of change compares to other nearby towns. For the purposes of comparison, CMRPC used the towns in the southwest sub-region, owning to their similarities in transportation, economy and other factors. Dudley's population grew at the third fastest rate of the

towns in the sub-region during the 2000 to 2010 period. Figure 2 shows how this trend continued into 2015. While the rate estimated is much slower (around 1%), the Town still grew at a faster rate than most of the towns in the sub-region.

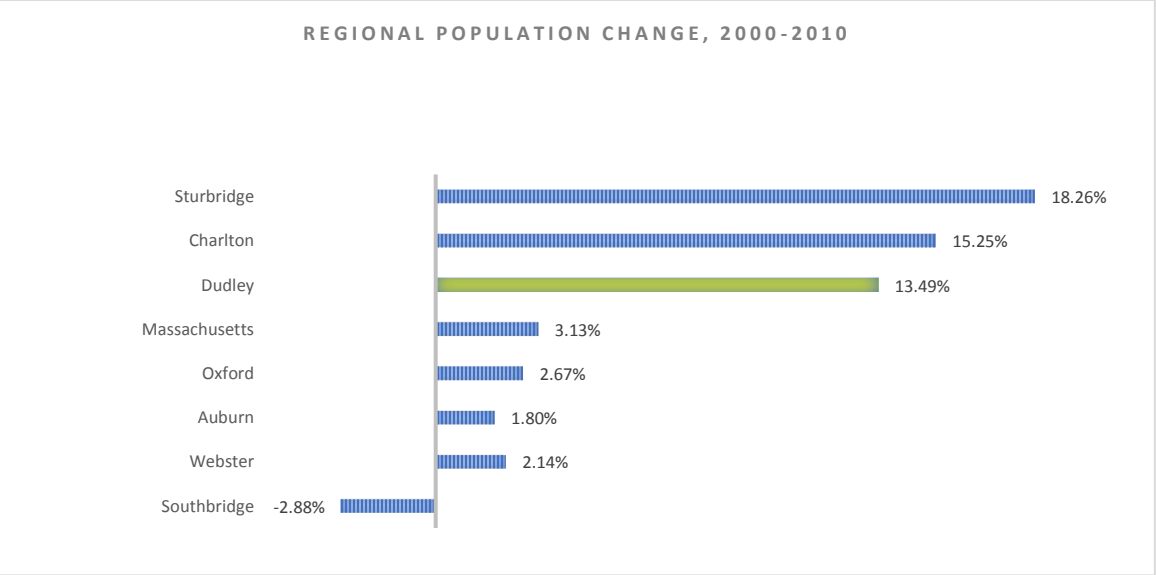


Figure 1 - Population Change in Dudley, Compared to Region; US Census Bureau, 2000, 2010

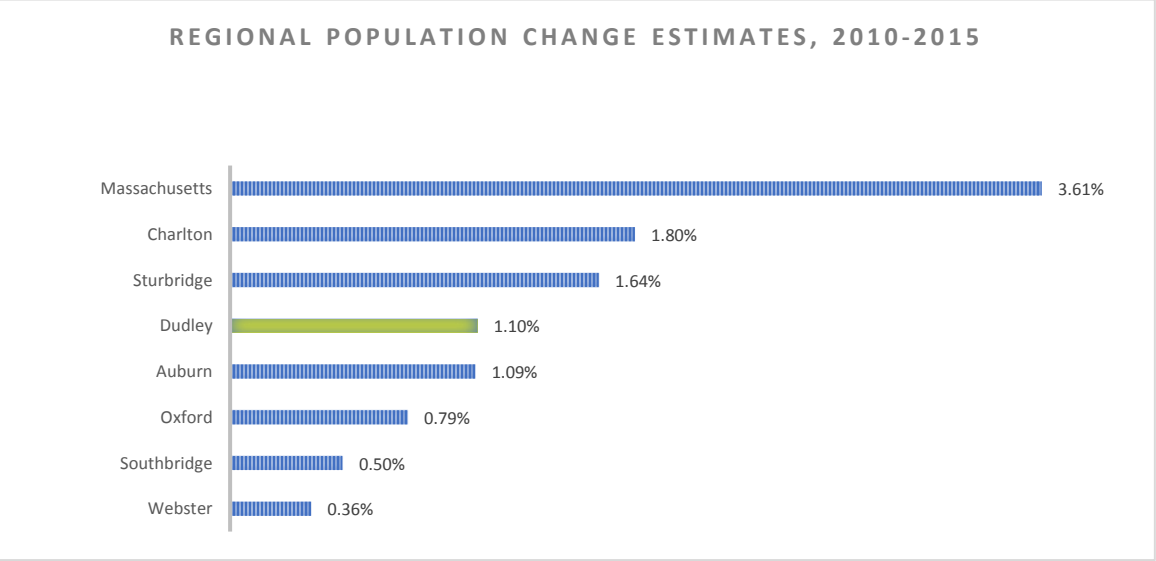


Figure 2 - Population Change in Dudley, Compared to Region; US Census Bureau, 2010; American Community Survey, 2015

POPULATION PROJECTIONS

CMRPC population projections, which were completed in 2016, suggest that Dudley's population will exceed 12,500 by 2040. Figure 3 shows this growth trend. When compared to the region, we can see that this trend is consistently below the yearly average for the comparison group. Figure 4 shows the regional context for this projected growth. The estimated regional average growth rate is 5% per decade compared to a rate of 3% for Dudley.

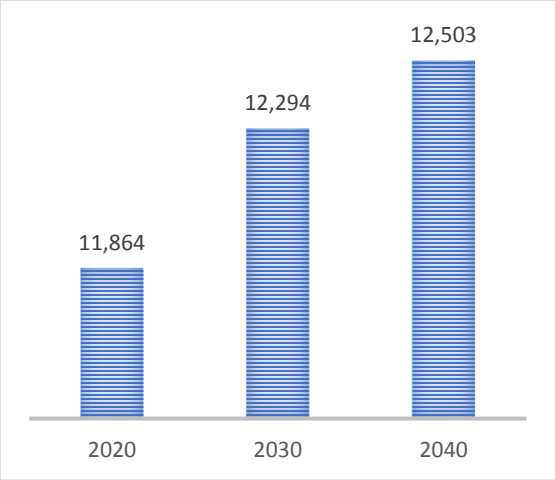


Figure 3 - Population Projections for Town of Dudley, 2020 - 2040; Central Massachusetts Regional Planning Commission

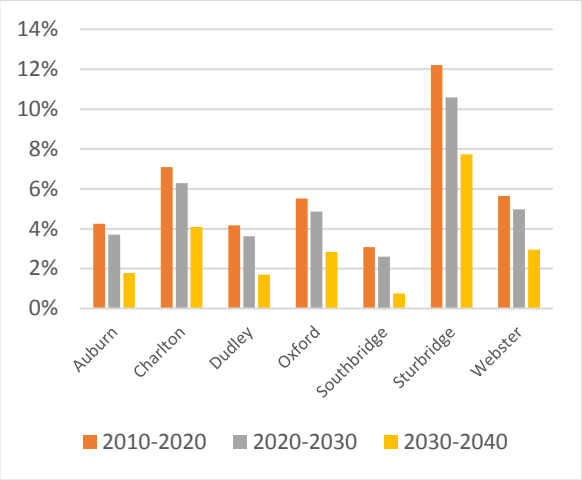


Figure 4 - Projected Rates of Growth, Dudley with Regional Comparisons; Central Massachusetts Regional Planning Commission

INCOME

Dudley is a modestly prosperous community. Per capita income has grown sharply in Dudley, rising from an estimated $26,000 per person to more than $30,000 in 2015. Despite this growth, Dudley's per capita income is lower than that report for the state and for the CMRPC region. However, Dudley's per capita income is close to the median reported in nearby towns. Table 1 shows the per capita income for the Town and southwest sub-region.

Table 2 shows the median household income for Dudley and the southwest sub-region. Median household income is perhaps a more accurate indicator of a town's affluence. Unlike the per capita estimate, Median Household Income looks at how wealth in a given area aggregates by household. It can help to smooth out variations in population distribution and provides a more accurate picture of the overall wealth of residents. Median Household income for the town was the 3rd lowest for the southwest sub-region in 2015. However, this amount is still 97% of the state median household income, a rate significantly higher than Webster (70%) or Southbridge (64%).

Municipality	Per Capita Income		
	2010	2015	% Change
CMRPC Region	$31,770	$35,300	11.11%
Massachusetts	$33,936	$36,895	8.72%
Auburn	$32,528	$33,438	2.80%
Charlton	$32,873	$35,990	9.48%
Dudley	$26,006	$30,229	16.24%
Grafton	$39,304	$42,542	8.24%
Oxford	$29,368	$29,162	-0.70%
Southbridge	$21,659	$23,291	7.53%
Sturbridge	$36,048	$42,003	16.52%
Webster	$26,336	$26,209	-0.48%

Table 1 - Per Capita Income; US Census Bureau, 2010, American Community Survey, 2011-2015

Municipality	Median Household Income		
	2010	2015	% Change
Massachusetts	$64,509	$68,563	6.30%
Auburn	$71,375	$72,432	1.50%
Charlton	$87,758	$87,294	-0.50%
Dudley	$64,782	$66,339	2.40%
Oxford	$65,845	$66,713	1.30%
Southbridge	$47,234	$43,870	-7.10%
Sturbridge	$71,607	$83,806	17.00%
Webster	$48,640	$48,057	-1.20%

Table 2 - Median Household Income; US Census Bureau, 2010; American Community Survey, 2011-2015

EMPLOYMENT

In 2016 the Executive Office of Labor and Workforce Development (EOLWD) estimated the unemployment rate to be around 4% in the Town of Dudley. This rate is down from a 2010 high of around 9%. Based on American Community Survey Population estimates, the labor force participation rate averaged around 55% of the population during this period. *Labor-force Participation Rate* is defined as the annual reported labor force divided by the total population of the town in a given year. This number naturally captures individuals too young or too old to work as well as those who have voluntarily removed themselves from the workforce.

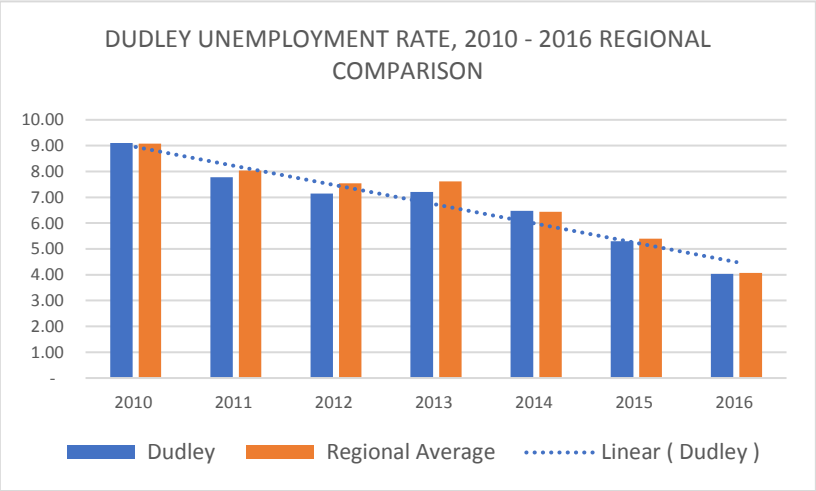


Figure 5 - Unemployment Rate, 2010-2016; Massachusetts Executive Office of Labor and Workforce Development, 2017

Figure 5 compares the unemployment trend to the regional average of the surrounding communities. The US Department of Labor considers a rate of around 4% to be "full employment." By this standard, employment in both Dudley and the south-west CMRPC region has fully recovered from the pre-2010 recession.

TAX SHARE

Figure 6 shows taxes as a share of overall revenue by sector. The three sectors in the chart are Residential (R), Commercial (C), and Industrial (I). These are compared to the averages for the CMRPC south-east sub-region.

As the chart illustrates, Dudley is almost 10% more reliant on residential property taxes than the regional average. This number represents a disproportionate share of the tax burden being placed on property owners. It should be noted that this estimate does not consider variations on rates between towns and variations in the rate those towns may charge for each category.

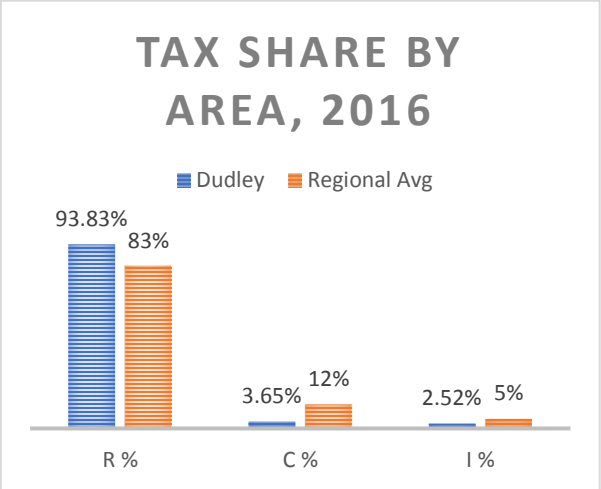


Figure 6 - Tax Revenue by Sector; Town of Dudley, 2017

ECONOMIC CENSUS

Another data-set CMRPC examined was the 2012 economic census, by the U.S. Census bureau. This data set is useful for providing a snapshot of the business climate in Dudley. Table 3 shows the numbers of employees per business category. Each table is limited to the top ten firms in each group. The economic census recorded Professional, scientific and technical services as among largest number of establishments in Dudley. Though in terms of employment, Manufacturing, restaurants and retail all make up the largest employers in town.

	NAICS Name	# of EMP
1	Manufacturing	711
2	Restaurants and other eating places	254
3	Retail trade	208
4	Health care and social assistance	202
5	Other services (except public administration)	190
6	Accommodation and food services	189
7	Food services and drinking places	189
8	Professional, scientific, and technical services	112
9	Administrative and support and waste management and remediation services	97
10	Food and beverage stores	86

Table 3 - Top Employers by NAICS Code Description; US Census Bureau, Economic Census 2012

3) OPPORTUNITY AREAS

To conduct this asset inventory, the CMRPC project team looked at parcels in three key geographies based on the results of the 2012 Central 13 Priority Development project and consultations with the Town. These are:

- West Main Street, Dudley-Webster Line
- Nichols College, West Main Street
- Route 12 Corridor

These geographies contained the largest existing business clusters or had the most obvious potential for growth.

West Main Street, Dudley-Webster Line: without an existing downtown business district of its own, the area along West Main Street between the French River and Schofield Avenue (Route 12) has a high development potential. The most notable existing asset in this area is the Steven's Mill, a late 19th century linen manufacturing mill that, until recently has been underutilized. The district has 14 parcels

zoned for Business, 11 of which report existing commercial uses. The remainder are residential or industrial (Stevens Mill parcels). Sewer and water are both easily accessible from these parcels. The area has a high concentration of multi-family housing, which makes a walkable commercial district more viable in this area.

Nichols' College, West Main Street: This area includes, the area of West Main Street that has the most potential to connect to Nichols College. Nichols is an important institution in the Town, but it is largely cut off from it. The area immediately around the college is almost completely residential. There are, however, three main connection points that could join the college to West Main Street. These are: Airport Road, Hall Road and Dudley Hill Road. The area between Airport Road and Dudley Hill Road along West Main St has 71 Parcels that front West Main Street; 48 of these parcels are zoned commercial and 23 Industrial. Only 16 currently parcels record a commercial use, however, with the remainder recording some form of residential.

Schofield Avenue, Route 12 Corridor: this state highway runs through West Main Street to the Connecticut line and has some of the highest concentrations of industrial uses in the Town. The northern portion of this corridor, near West Main Street, is predominantly multi-family residential and commercial. The southern portion near the Connecticut line has several industrial parcels and potentially developable open space.

AGRICULTURE

Finally, the team examined agriculture as a key economic development opportunity. Figure 7 shows each the land use recorded for each parcel in the assessor database as a percentage of total land area. Residential uses are by far the largest land uses in town, followed by agricultural lands (Chapter 61A) and exempt categories. As the chart shows, 21% of the total land area is protected under Chapter 61A which provides tax incentives for agricultural uses. Finding ways to support this existing activity will be a key piece of phase 2 of this project.

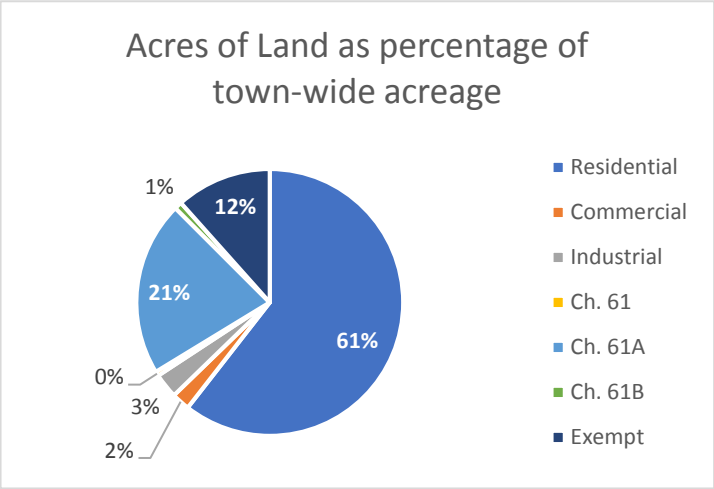


Figure 7 - Land Distribution by Use; Town of Dudley Assessor's CAMA Database, 2017

4) ECONOMIC DEVELOPMENT VISION STATEMENT

A vision statement is an attempt to articulate community-wide goals as simply as possible. It is a synthesis of the different, sometimes competing, priorities of various stakeholders. In order to achieve this combined input, the project team broke the task up into two parallel tracks; the first was to seek input from business owners and associations; the second was from residents and the general public. CMRPC worked with the Town of Dudley Economic Development Committee to develop a 20-question online survey which what areas town residents thought should be development priorities. The survey received a total of 229 responses, 94% if which came from Dudley residents. Below is a summary of

some of the more telling questions and their responses. Appendix XX has the full text and results of this survey.

What should be the top economic development priorities?
Around 22% of residents responded "Turning our dormant Agricultural Lands into Active Farms, Wineries and Craft Breweries." 16.5% responded "Revitalize West Main Street", while 15% favored "Creating a Restaurant District".

Where Should Town Officials Concentrate Their Economic Development Efforts?
47% favored West Main Street and 26% Schofield Avenue (Route 12 From West Main to CT State Line)

Would you approve the use of Town funds to upgrade our existing infrastructure (roads, sewer and water) to attract new business or industry if it meant increasing your local taxes?
59% Yes, but any increase must be part of an overall strategy and it must produce new revenue for the town.

DISCUSSIONS WITH LOCAL AND REGIONAL BUSINESSES

CMRPC sought to gain insights into the local business climate through conversations with local business owners. The project team's initial proposal was to hold a workshop with business owners and business associations. The project team reached out to the Webster-Dudley Business Alliance (WDBA), which attempted to facilitate such a meeting. However, their membership in Dudley was limited and the team was unable to coordinate a business-owners round table. To remedy this, the project team attempted to set up one-on-one conversations with business owners and stakeholders. CMRPC approached several area economic stakeholders including, Webster-Dudley Business Alliance, Nichols College, Couet Farm & Fromagerie, Sturbridge Coffee Roasters, Central Mass Grown, Gentex and others. The team had mixed success with this effort. While all the individuals contacted responded positively to the request for meeting, not all were able to accommodate one. The names collected in this task will form the basis of the proposed Phase 2 workshops discussed in more detail in Section 6.

THEMES FOR COMMUNITY VISION

While the public input collected in this phase was limited, the team was able to identify consistent themes. Creating a dynamic agricultural sector, building up businesses along Main Street and increasing the number of restaurants in the town were among the main takeaways. CMRPC developed the following community goals:

West Main St. Revitalized: More businesses are desired along West Main St. especially around the Webster Dudley Line and by Nichols

Stevens Mill Redeveloped: housing and/or mixed use; more integrated with Webster Downtown

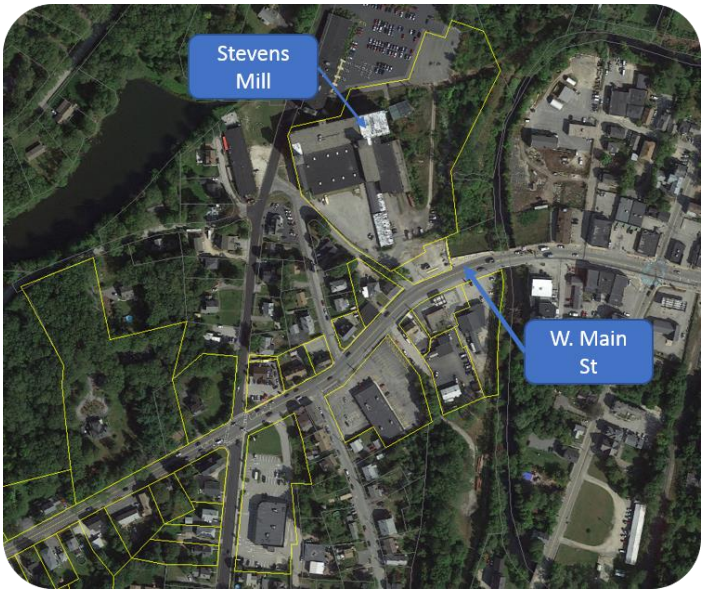
Winn Development looking into redevelopment of mill

Activate More Farmland: residents and business owners alike say there is more potential in Dudley's agricultural land, especially regarding supportive production for brewing and other emerging growth markets

5) STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS (SWOT) ANALYSIS AND THREATS

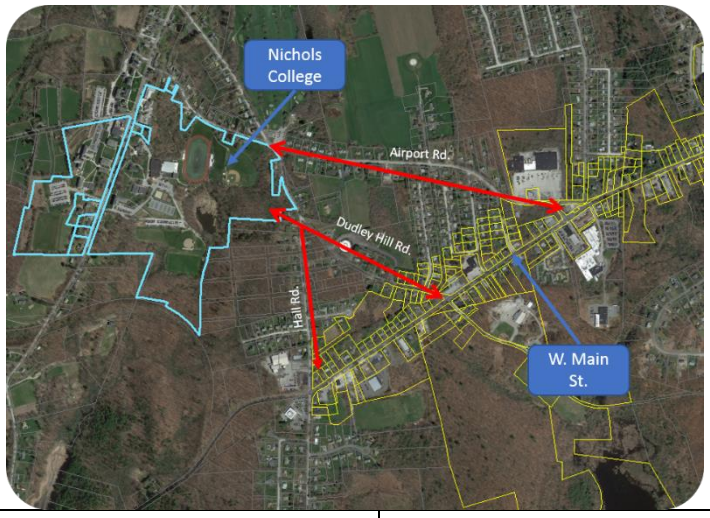
The following SWOT analysis focuses on the comparative advantages and disadvantages of the Opportunity Areas identified above. For the purposes of this phase of the project, the analysis has been limited to only the most obvious issues and constraints. This list is not meant to be a comprehensive list of the strengths and weaknesses of each of the areas, but rather to serve as a jumping off point for the more in-depth Constraints Analysis proposed in Phase 2 (see Section 6).

WEST MAIN STREET, WEBSTER LINE



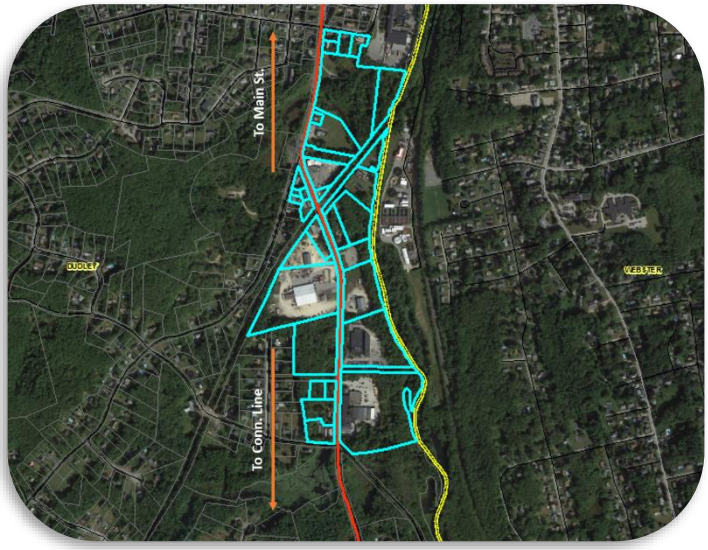
STRENGTHS	• More than 40 acres of commercially zoned land • Natural fit for commercial cluster to tie into the existing downtown • Existing water, sewer concentrated in this region • Multi-family housing clustered within walking distance	• Stevens Mill Redevelopment being pursued by Wynn Properties • New development on parcel facing W. Main St (Dunkin Donuts) • Well positioned parcels between French River and Schofield Ave.	OPPORTUNITIES
WEAKNESSES	• Retail space in Webster is struggling • Not enough available space to develop quickly • Represents a small portion of zoned commercial land	• Few parcels available for new development • Many parcels are residential, would be unlikely to redevelop • Parking minimums would likely limit the amount of land that can be developed	THREATS

WEST MAIN ST. / NICHOLS COLLEGE



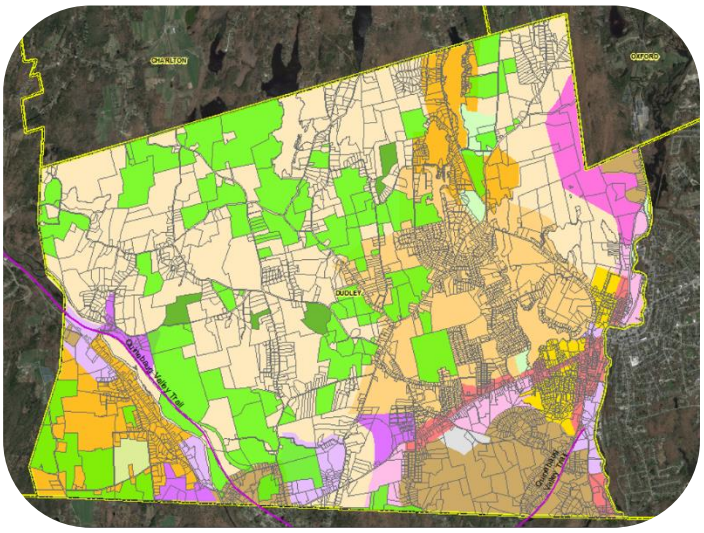
STRENGTHS	• Students, professors and staff • Connections outside of Dudley can be a booster for local businesses • Existing commercial space that can be developed/redeveloped without rezoning • Existing road connections to Main St.	• Dudley Plaza has approx. 4 acres devoted to parking, some of which could be suitable for in-fill development • Sidewalks could connect from Airport Rd. to W. Main St.	OPPORTUNITIES
WEAKNESSES	• Few sidewalks or other non-car corridors • Thickly settled residential between Nichols & business area	• Residents could resist improved connections between Nichols and W. Main St. • Nichols population is likely too small to support businesses on their own • Restaurant and service industries are growing, but hard to tell when town has reached saturation point	THREATS

ROUTE 12, SCHOFIELD AVENUE CORRIDOR



STRENGTHS	• Approx. 100 acres of industrial zoned property • Access to Route 12, running to Connecticut line to W. Main St • Water/sewer access to most properties fronting Rt. 12 Walking distance to cluster of multi-family homes	• Adaptive reuse and redevelopment opportunities on many parcels • Windshield survey noted few vacancies in existing buildings, suggesting strong demand	OPPORTUNITIES
WEAKNESSES	• Few undeveloped properties in area • Somewhat isolated for uses other than industrial/office • Parts of properties backing French River have Watershed restrictions • RT. 12 and W. Main St. have low vehicle capacity	• Future demand for manufacturing space is uncertain • Watershed protections could constrain development potential and value	THREATS

AGRICULTURE



STRENGTHS	• 7,000+ acres of land suited for agricultural uses • 2,800+ acres of Chapter 61A land prioritizing agricultural uses • Relatively easy access to major highway routes • Numerous aggregator organizations operating regionally	• Demand for farm-to-table, direct to consumer is growing • More people interested in becoming farmers • Farming for breweries, other value-added production	OPPORTUNITIES
WEAKNESSES	• High startup costs and low profit margins • Difficult to secure financing • Small farmers more susceptible to economic shocks • Low demand among investors, entrepreneurs	• Few protections for existing agricultural lands • Few supports available for small farmers • Connecting farmers to consumers is difficult • Getting farmers and consumers to think regionally • reached saturation point	THREATS

6) NEXT STEPS

As stated earlier, this project represents only the first phase of a proposed three phase economic development strategic plan. Phases 2 and 3 will be conducted between 2018 and 2019. CMRPC will work closely with the Town of Dudley Economic Development Committee and Planning Department to complete the following by no later than Fall 2019:

Phase 2 (Winter-Fall 2018):

Goals for this phase: Identify concerns and priorities of business owners, residents and other stakeholders in the identified opportunity areas. Identify all regulatory, market and other constraints which may be preventing the types of development desired by the town.

Impediments analysis: This task will ask the question, "What is stopping growth in these places, or sectors?" CMRPC will review zoning, regulations and permitting processes in the main opportunity areas. These regulations will be measured against a comparison group such as the southwest CMRPC sub-region. CMRPC also proposes to review agricultural market conditions to identify the factors which may be limiting the success and growth of farming in the Town of Dudley.

Sector Specific Workshops: During this phase, CMRPC also proposes to conduct a series of sector-specific workshops, targeting business owners and stakeholders in the opportunity areas. CMRPC will build off the outreach efforts completed as part of this phase to organize three to four distinct workshops covering the following sectors:

- **Agriculture:** Convene farmers, aggregators and educators using contacts developed in Phase I
- **Webster-Dudley Main St. Corridor:** What can both towns be doing to promote and support the Main St. Corridor
- **Nichols/Main St. Neighborhood Workshop:** Convene a public workshop to understand concerns, needs of residents, property and business owners between Nichols and W. Main St.

Phase 3 (Winter-Fall 2019):

Goals for this phase: Identify all areas for regulatory reform, development of incentive programs, communication strategies and sources of funding; create a comprehensive action plan and implementation strategy to complete the five-year plan.

Five-Year Action Plan: CMRPC will analyze the findings in the previous two phases to produce a comprehensive list of strategies including zoning, regulatory and other amendments for the Town to pursue in order to better facilitate its economic development goals. This will include strategies for better coordination of marketing, stakeholder communications and other outreach.

Implementation Plan: In this phase, CMRPC will also research funding sources, incentive programs at the state and Federal level as well as best practices adopted in other parts the country and the region to help implement the Town's goals. Special attention will be paid to innovative programs aimed at small farmers, farm-wineries, breweries, farm-to-table businesses and other such efforts.