



January 11, 2015

An Open Letter to the Citizens of the Town of Millinocket, Maine

Introduction

In August 2014, I was moved by an article I read in the New York Times that described the struggles Millinocket was facing.

In the wake of the closure of Great Northern and subsequent failures to resuscitate mill operations, Millinocket now confronts a daunting list of challenges. With job loss and unemployment, some of those who can leave in search of good wages will continue to do so, depriving the community of talent and energy on one hand, and property owners and investors on the other. Mill closure ripple effects also mean that many will have no alternative but to replace yesterday's good wages with today's reduced salaries wherever they can find them. It means a small few will invent new careers. But, sadly, many will not be able to find jobs at all. This is happening across America, throughout New England, in Maine, and especially in the interior. And there are no quick or easy answers.

Colleagues in my firm and I then sent an open-ended inquiry to the community in which we offered some measure of planning and related strategy assistance. We did so on the outside chance that such an offer would be welcome and, possibly, helpful in some way. As a firm we concluded that the time had come for us to give back. That with no assurance of a receptive partner, and no financial upside, and only costs we ourselves would have to bear, it was important to make an investment of ourselves in our community. Though not based in Maine, we view our community as our country, and so the chance to contribute was important to each of us. For too long our country has rested on its laurels, content to ride the waves that earlier generations worked so hard to create. Our firm and colleagues from others have made an investment in you, the residents and business stakeholders of Millinocket, and, by doing so, in the Katahdin Region and in Maine. Our contribution of \$23,000 in our collective time to your future is our way of providing a contribution to the effort you must now make to go forward.

Many in the community did in fact welcome me and my team, and quite warmly. And in early October of last fall, one of our colleagues visited Millinocket. She later sent me her preliminary report. In late October, my colleague Don Poland and I visited. And during the month, our colleague Karen Pooley performed some statistical analyses of some of the data we'd obtained. During the two days that Don and I were in Millinocket, we were able to see the residential blocks in town, the access roads in and out, and also a range of industrial and other sites.

The views we developed were the result of fairly extensive analysis on our part on a number of fronts. Quantitatively we evaluated the Town's demographics and market conditions. Qualitatively we examined the Town's zoning and land use regulations, and those of the wider area. We received 500 responses to a very extensive survey, a fantastic rate. And we participated in half a dozen sessions with residents and business

owners during which we learned a great deal in a short amount of time about the recent history of Millinocket, current challenges, aspirations, and fears.

The New England Outdoor Center graciously hosted us. The Town Council generously contributed extensive time and energy both to provide Don and me with important first hand information, and also to listen graciously to our developing views. The Appalachian Trail Cafe provided us with lots of good calories and kindness, as did Angelos, Pelletiers, and the Scootic. Lifelong residents gave us tours and invited us into their homes for breakfast and showed us uncommon generosity.

The impressions left with us, combined with our interpretations of the data we reviewed and our many years of experience suggest that the road ahead for Millinocket will not be easy.

Of course, you already know this. You certainly don't need outside consultants to tell you that. However, the point is not that the road ahead will be hard, but that the steps you will have to take to have a better future have also been long known by you, and have also been long avoided.

The question before Millinocket now is whether you as a community are ready to embrace a different - and unknown - future, one that will require work and investment without any promise whatsoever of a return, and one that will require fundamental change on your part less as regards technical matters like this tax rate or that, but, rather, in your work as a community, deciding what to change and why.

If we boil down our collective decades of experience with what our review of the situation in Millinocket tells us, it is this: the outside world will not invest in Millinocket until you in Millinocket - residents and business owners - give them a reason to. Historically, cheap land and disregard for consequences was sufficient. Enough for mining interests in Montana and copper, for logging interests in Oregon and Maine, and so on.

Those days are gone forever. Investment today, and for every foreseeable tomorrow ahead, is and will be of a different sort. It will be the investments in places that signal that those already there really care, and care visibly.

If you read no further, this is the message: you have to invest in yourselves because if you don't, no one else will, and nor should they, and ultimately, without their investment, your future has little promise. Furthermore, no amount of subsidy from the county, the state, or the federal government will matter. Not really.

You have to dig deeper than you have become accustomed to, and you have to start polishing Millinocket - its streets and sidewalks and homes and riverfront - on your own nickel. You have to improve your attitude towards the outside world.

And when you do that, investments might follow.

This may not be the feedback you want to hear. But the bottom line is that the community will have to come together in ways not often done in recent years. Millinocket will have to become willing to take risks, less financial than emotional, for sure, but risks all the same. You will have to redefine your sense of self. You will need to rethink your relationship to the land and to outsiders.

In short, the world has changed the last 50 years to a far greater degree than Maine has, and to an especially greater degree than the Katahdin Region has. It's uncomfortable for us to say, and no doubt even less comfortable for the community to hear, but the world has left Millinocket behind, and no one will pay the catch up costs except you, so if you don't, it's game over. And while many of the attributes that built Millinocket can and ought to form the basis of the community's foundation going forward - grit and determination and resolve - the bottom line is that Millinocket has long resisted truly adapting to a changing

world, and that resistance has served you poorly. Over time this has taken the form of avoiding difficult decisions about schools, your reluctance to embrace your inherent status as a gateway to the beautiful Katahdin Region, and your generally negative attitude towards outsiders. More to the point, that resistance has brought you as a community to a fork in the road where the choices are quite clear. One path requires significant adaptation and *might* result in a new and positive future. The other is business as usual, and the result will be little to no significant change and will most certainly result in end of Millinocket. In light of this, we offer the following five observations, and urge the community, businesses owners, and the Town Council to reflect deeply on them.

1. There are no fancy accounting tricks that Millinocket's Town Manager or anyone can do to fill huge tax revenue holes. Holes exist and need filling, and that means the community has only two options. It can raise taxes to close gaps in ways that fundamentally reshape the Millinocket that emerges. Or it can decrease spending to close gaps in ways that also fundamentally reshape Millinocket. The community doesn't appear to be in a hurry to genuinely tackle either of these options, yet it must be.
2. There is no sudden transformative act that the Town, the County, or the State can take that will create high paying jobs in the 21st century for Maine residents lacking substantial education. While the American economy of the 21st century will continue to want cars and books and furniture and other goods made by people and the companies that employ them, most will be made where labor is cheapest, and that either means abroad or when from home, competitively priced regardless. Something other than trees needs to come out of the forests that surround Millinocket, and uses other than resident-only recreational access need to result from the way in which surrounding lands are owned and operated. Yet none of the Katahdin Area communities, to say nothing of the County or the State, seem to be moving especially fast to truly hasten such essential - and long overdue - transitions, despite the fact they all should be working as hard and as fast possible on this front.
3. There is no magic formula for changing Millinocket's location from a town that's five hours from Boston to one that's just two or three. Millinocket's location is a double-edged sword. Its stunning beauty is enhanced by its isolation. But this isolation limits market share. There is a way around the dilemma and that is to make the price (travel time) worth it. But right now, that's simply not true. Too many of the roads into town are unsightly. Too many homes in town are poorly maintained, sending atrocious signals to the market that might visit and potentially invest in Millinocket. Too many older industrial sites remain, lonely damsels in distress waiting for a rescue that's not coming. Too much of Penobscot Avenue looks like no one cares. The result is that as long as the five hour trek from Boston doesn't adequately reward those who make the trip with gifts of a beautiful town and broader access to the wilderness, there's near zero probability of significant outside investment. Nonetheless, the community doesn't appear to be in a rush to beautify and send positive signals to the market, and it should be.
4. There is no quick and easy way to modify prevailing land ownership patterns that result in gains to businesses, sustainability of the environment sufficient to maintain profitability over the long haul, and recreational access for non-locals. The effort to partner to intentionally shift Maine - the nation's most heavily forested state (90%) - from being the mostly privately owned (94%) to a more balanced combination of public and private ownership is not something the Millinocket community has been eagerly embracing. Indeed, Millinocket has been among the loudest voices in Maine to maintain the status quo, a business-as-usual, head-in-the-sand posture absolutely antithetical to a good economic future, and the time has come for this to cease. If Millinocket is serious about recovery and growing its tax base, it must be serious about opening one of its greatest assets.
5. There is no such thing as a cost-free way to remove problem property, such as vacant houses, dilapidated industrial sites, or fallow commercial properties. Excess supply will grow, and as long as it persists, it will depress prices, push away external investment, dissuade locals from reinvesting, and cement a disinvestment cycle. Acquisition and demolition are costly, yet necessary. Following demolition, property requires implementation of disposition strategies (maintenance and marketing), and possibly remediation of environmental damage, and these have attendant and not inexpensive costs. Yet the pace the community has taken in addressing excess supply has been far too timid and slow; the community does not appear to be in a hurry to write a check from its own bank account.

Promise

czb made three promises to the Millinocket community. First, that we would contribute our time to try to craft something useful from a planning and strategy point of view. Second, that we would not seek a professional contract with the Town. In other words, that we would try to be of help for its own sake, using some of our skills and knowledge and experience for the benefit of Millinocket's future. Third, that we would be honest and candid even if it meant disappointment.

This second promise is easy to keep. While it would be to our financial advantage to pursue work in the region, we won't unless specifically asked. The third promise is hard, but doable. No one likes to convey bad or unwelcome news. But it is our judgment that these five issues require attention. Immediate attention no longer delayed, as well as sustained attention. It is frustrating to us that this may result in a *kill the messenger* response, but understandable all the same.

The first promise - to give you a strategy - has been far more difficult. We have sat down a dozen times to try and write a strategy for Millinocket, each time falling short of being able to quickly do so. After much thought, we have concluded that there is a reason that we've struggled with this task, and that it relates very much to the essence of the work that you as a community face. And it is that you in Millinocket, like so many other similarly situated communities, have two kinds of challenges in front of you. The first is technical. The other is adaptive. We hoped for technical fixes to be evident, and none are, because your challenges are of a very different nature.

There is no technical strategy for hurdling tax revenue holes, creating good paying jobs, shrinking the great distance between Millinocket and the outside world (of investors), changing land ownership patterns, or right-sizing. Each of these challenges is more adaptive than technical in nature. Each requires the community to embrace a new kind of future, before designing a technical response. Each needs someone in the community to champion the shifts required, and someone with the capacity to conduct great amounts of distress during transformative periods. None of the responses to your challenges will be casualty-free, so efforts towards each need constant focus. And all require an environment where trust in some manner among community members and civic institutions and employers can be seeded and flourish so that the community's capacity to embrace these changes - for their benefits and with their costs - can occur.

Adaptation

Because the essence of the challenge you face in Millinocket is adaptive, and because there are no clear technical fixes on the horizon, the appropriate contribution for us to make is to help identify the problem and try our best to encourage you and your neighbors to see your community in a new light and to go against a natural inclination to depend inappropriately on authority in this time of duress. It seems to us the right service we can provide is to help you as a community come to terms with key issues.

First, Millinocket needs to be able to compete and that means it cannot remain an ugly duckling. That means you have to reinvest in yourselves. You have not done this. Your homes are tired and worn and show poorly. Your Main Street is equally tired, and it requires reinvestment and polish. Your entryways are sad; they need attention. All of this carries costs and only you - the residents and business owners in Millinocket - can take the appropriate measures to make the Town beautiful enough to convince the outside world that you are a partner worth having.

Second, Millinocket needs to right-size. Your population of 4,500 is going to shrink to 2,500. That means a new vacant home every two weeks for the next 15 years. It also means a loss of \$11M a year in locally-driven retail spending and that means another 30,000 to 40,000 square feet of commercial real estate is prone to become vacant. Just as Penobscot Avenue and the entryways and many of your homes require polish, your commercial real estate needs to be consolidated so that the smaller Town that evolves doesn't wind up looking anemic and gap-toothed. It means school consolidation as well. Interests that oppose this are putting another nail in the Town's coffin; you cannot afford all the schools, real estate, and overhead you have at current tax levels, so either taxes increase or consolidation must occur.

Third, Millinocket needs to be at the forefront of state and regional conversations about the nature of land ownership and the role that natural resources play in your economy and your future. Private ownership of lands is not working, so it's time to be the leading voice for a balanced portfolio (probably on the order of 60% of Maine's forests being in private hands, and the balance in public trusts). This is also tied to supply and demand. By taking large areas of the state off the table, remaining lands become more valuable; exploration has a higher upside as stewards elsewhere have found. By growing the share placed in public trust, the Katahdin Region becomes accessible in new, non-exploitative, sustainable ways, while adjoining private lands become more valuable. Millinocket rightly has a disproportionate degree of informal authority on this subject, but has only used it to petition for the status quo in small-minded ways. The County and the State crave - and certainly are not exercising - leadership on this, and Millinocket can provide it by being the voice for a balanced portfolio.

New Normal

For some time the Millinocket community has been adjusting to the reality that mill jobs are not going to return. Some in the region still cling to the hope that they will. And recent “re-openings” like the one in East Millinocket are - in our view - doing the region no favors as they are merely putting off the inevitable. Here follows the elements of the new normal for Millinocket. The “work” facing the community is to embrace these six realities, adjust to them, and then work together to develop a coherent strategic response.

1. **EMPLOYMENT.** Jobs that pay a wage sufficient to buy a home and raise a family are never again going to be available for anyone with only a high school diploma. In fact, those with more education - a two year college degree or additional apprenticeships after high schools - are not guaranteed a good job anywhere in America, either. The days of good jobs with little education are over. The days of guaranteed employment are over.
2. **TAXES.** The loss of high tax revenue entities combined with years of low tax rates and low levels of investment in Millinocket mean that higher taxes are inevitable, if the community wants Millinocket to succeed. Services cost money. Sidewalks and street repair cost money. Decades of deferred maintenance have taken a toll. The days of low taxes and quality infrastructure are over.
3. **LAND.** Historically, the community has viewed land as a free resource so long as it was worked. It could be deforested, burned, hunted and fished to abandon, and spilled upon. There was a lot of it, and it was hard to see seemingly endless tracts of forested lands as finite. The environment was priced at zero. It was not regulated. Profits flowed from private ownership. Those days are over.
4. **GOVERNANCE.** Good governance means tradeoffs; it means making hard choices. The norm at Council for too long has been to cut, or to spend poorly. Neither will do any longer. The time has come for wise cuts and wise spending. What constitutes wisdom in this regard? Cuts and spending have to be aimed at two goals at all times: repositioning Millinocket to appeal to outsiders, and reducing the town’s physical footprint so it is appropriately sized. The days of being unsightly and prosperous are over. As are the days of being a town of 3,000 families.
5. **INVESTMENT.** Millinocket has not invested in itself in any meaningful way in more than five decades. It has relied on employers to do so. It has assumed the Town itself had no need to appeal to the wider market. Those days are over. A combination of new taxes, new regulations, and new land management practices must be developed, and all in the context of any payoff being years if not decades away.
6. **PARTNERSHIP.** For too long Millinocket has operated as an island. Geographically distant, even isolated, it has become accustomed to operating in a vacuum, far from the outside world. Progress will depend on partnership, and on embracing outsiders. The days of being uncharitable to hikers and environmentalists, or frankly anyone not local are over. The days of being mad at the outside world and thinking it would want to come to Millinocket and invest are over.

These are the six new realities for Millinocket. Good **jobs** require a lot of education and training and the results will not materialize quickly. **Taxes** are going to need to be higher to pay for the improvements needed to attract skilled workers and job creating 21st century businesses, and the results will take years to materialize. The **land** surrounding Millinocket needs to be stewarded and regulated in new ways, and it will take time for the world to recognize the value of the great Maine interior not for its wood products alone but for the experience the forests provide and for products that come from forests but which have yet to be invented, and which should be invented *in Maine*. The community will have to elect representatives bound to disappoint as a part of **governance**, and it will have to authorize them to do so, and do so over the long term as this is a years-long effort. **Reinvesting** continually will have to be the new norm, and the results will be slow to emerge. And **partnering**, which means trusting, will be non-negotiable. The question is “can the Millinocket community embrace these new norms and adapt to them?” In our view, Millinocket must embrace all six for it to have any chance of future prosperity.

Cases

There are communities in America that have struggled with similar - and even more difficult and trying circumstances - and come through. In no case that we know of was a community able to adapt without casualties. In no case that we know of was there a community able to adapt right away; most waited until they had no choice. But the cases we do know of are worthy of inspiration, for they show that Rocky Mountain Institute founder Amory Lovins was right when, stating the seemingly obvious, he said, "if it exists, it must be possible".

So as you debate the right course to take, and the right steps along the way, and, most importantly, the ultimately direction you want to point Millinocket towards, we suggest the recent histories of these communities be something you learn from. Take something from each.

Moab, UT was a uranium mining community, and today is the mountain biking capital of the world. It still mines ore, but the center of gravity is mountain biking and tourism.

Frenchtown, NJ was a mill town along the Delaware River that grew as a porcelain company expanded and as a nearby paper mill in Milford became profitable. Years of population loss and disinvestment were stemmed as the community shifted to tourism and the service sector.

Saxapahaw, NC was a mill town along the Haw River in the Piedmont foothills that had fallen on very hard times - as so many Carolina and Virginia towns had by the 1970s. Today it is a thriving culinary and artistic center in the mid South.

Pt Reyes Station, CA was a garden variety agricultural community in Marin County; never poor, it was never prosperous until a recent conversion of county agricultural focus to sustainability. Today it is America's finest boutique producer of world renowned artisans cheeses.

Reedville, VA was one of the wealthiest places in America at one time, as the focal point for Menhaden fishing along the eastern seaboard; having fallen on hard times, it has become revived as a tourist and second home destination on Virginia's Northern Neck.

Park City, UT was a silver mining town that prospered in the 1880s and by 1950 was in trouble; by the late 1960s its unemployment rate was at 20%; today it is a wealthy resort tourist destination, having adapted to a new future.

Dahlonega, GA was a gold mining town in north Georgia. It has leveraged its town square, its mountainous location and its proximity to the Atlanta market to become one of the premier outdoor athletic destinations in the southeast.

Implementation

1. The community has to authorize the Town Council to reprioritize its spending with the chief aims being:
 - ▶ Beautification of entryways and Penobscot Avenue
 - ▶ Investment in expansion and refinement for existing downtown businesses in terms of assistance with equipment, signage, marketing, and inventory
 - ▶ Acquisition, demolition, and disposition of 12 distressed (unmarketable) residential properties a year until supply and demand are in balance
 - ▶ Acquisition, marketing, and sale of six marginal residential properties a year to young, entrepreneurial, and when possible artist and artisan households from across the country who want to come to the Maine interior and establish themselves
2. The community has to authorize the Town Council to increase taxation levels to cope with the loss of large commercial entities, and to direct new revenue to
 - ▶ Acquisition and demolition of unsightly industrial and commercial properties, with the priority being to accelerate and complete the demolition of all GN property
 - ▶ Transform all GN property to wooded, recreational, publicly owned sites
3. The community has to authorize the Town Council to convene a series of Millinocket, Millinocket area, Katahdin Region, Maine Interior, and finally Maine-wide conversations on the adaptive re-use of logged lands in private ownership. The state has abdicated its job of facilitating constructive dialogue on the subject. The community must authorize the Council to remake Millinocket into the cultural and commercial epicenter of adaptive re-use in Maine. Entrepreneurial excellence by NEOC and Maine Heritage and Pelletier's is on par with the efforts underway surrounding the Malheur National Forest in Oregon; Millinocket can be the John Day of New England.
4. The community has to push for school consolidation in the immediate area.
5. The community has to authorize the Town Council to reach out to the State for specific assistance regarding
 - ▶ The costs of rehabilitating industrial sites and converting them into accelerator spaces for businesses able and willing to make experimental forays into new and sustainable forest product use, such as biomedical and biofuels, furniture and related wood products
 - ▶ The costs of aggregating into Maine from across the country the intellectual capital associated with new product design and development of local natural resources
 - ▶ Marketing the great Maine interior, and Millinocket especially as its gateway
 - ▶ Outreach to the US Department of the Interior (National Parks, BLM), USDA (NFS), to outline specific steps for portfolio transformation in the Katahdin Region
6. The community has to reach out directly to important Maine institutions like the Maine Community Foundation and the Maine Development Foundation to support the Town of Millinocket on a conditional basis, matching limited Town funds for the above endeavors with resources to leverage the community's commitment to new spending and values-based priorities.
7. The community should authorize the Council to enter into a partnership with regional public and private entities to procure a regional land use and economic development strategy, and likewise authorize Council to invest its fair share of the costs for such a strategy, to be matched by partners to the effort.

What Does This Level of Generality Mean in Practical Terms?

Millinocket will know if it is on course if:

- It feels risky and scary.
- There's a consensus that you are done with business as usual
- Returns are long term in nature, *at best*.
- The Town's 2016 budget doesn't look like budgets in years past, and significant investments are flowing towards beautification, right-sizing, marketing, and sophistication so that Millinocket is better positioned to compete.
- The Town is tangibly on its way to becoming the leading voice in Maine for a significant and intentional shift towards and in favor of a rebalanced portfolio of forested lands.
- The community pushes the Council to make hard choices that will cost more without promising anything, and then protects Council members afterwards when demands are made for their heads.
- It *feels* like the physical vestiges of the no-longer-useful past are being removed or upgraded, and on your own nickel.

Respectfully



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