

5. ECONOMIC DEVELOPMENT

5.1 INTRODUCTION

Economic Development in Provincetown, An Evolving Plan for Action (hereafter referred to as the Economic Development Plan) is the primary source of information and direction for this section. Without reiterating all of its details, the spirit and intentions of that plan, along with those of the 1988 Provincetown Master Plan and the updated Cape Cod Regional Policy Plan, are represented in this section.

Statistical information in this section such as that contained in part 5.3, INVENTORY, should be updated with the 2000 census data. During the most recent updating of this section, the Local Comprehensive Plan Committee recognized that a number of significant changes have occurred in Provincetown's economic climate since Economic Development in Provincetown, An Evolving Plan for Action, was prepared in 1995. Goals and policies were updated using the best information available regarding doing business in Provincetown in 1999 and the potential for future growth and development.

5.2 GOALS AND POLICIES

GOAL 1: To promote businesses that are compatible with Provincetown's environmental, cultural and economic strengths in order to ensure balanced economic development.

POLICY A: The economic impacts of proposed developments should be evaluated by the Town, taking into account job creation and services and/or products provided.

POLICY B: Enterprises with year-round as well as seasonal economic potential should be identified and encouraged. The Town should work with various organizations to promote those activities, including but not limited to tourism-related activities, fishing, marine science, aquaculture, shellfishing, environmentally-oriented business, cultural activity (especially those that are arts-related), education, and enterprises that provide transportation solutions.

POLICY C: The Town should encourage tourist activities that highlight and enhance Provincetown's natural and cultural qualities and promote year-round activity. Such activities include but are not limited to those involving museums, art, theater, music, and natural recreation areas. A step toward this goal was taken in 1999 when Provincetown hired its first Tourism Director to work with the business community and Visitors Services Board to enhance the tourist experience, with focus on the shoulder seasons.

POLICY D: The Town should encourage the development of local businesses which can be integrated into the community without adverse impacts on Provincetown's resources. Such activities include but are not limited to consulting, direct-mail business, home-based

business, art, and crafts, including potential arts education-related economic development.

POLICY E: The Town should encourage the reuse and rehabilitation of existing buildings for residential and year-round commercial growth.

POLICY F: The Town should encourage development that will enhance the availability and quality of health and human services in Provincetown and Barnstable County.

POLICY G: The Town should encourage, protect and maintain water-dependent uses and accommodate uses that are not water-dependent but support water-dependent uses, especially those uses that support the recreational boating industry.

POLICY H: The Town should ensure that non-water-dependent uses do not interfere with the operation and viability of water-dependent uses.

GOAL 2: To locate development so as to preserve Provincetown's environmental and cultural heritage, minimize adverse impacts and enhance the quality of life.

POLICY A: Resource-based economically productive areas including the Harbor, fishing grounds, shellfish beds, and recreational areas should be maintained specifically for those uses.

GOAL 3: To encourage the creation and diversification of year-round employment opportunities.

POLICY A: The Town should encourage projects which provide permanent, well-paying, year-round jobs and employment training opportunities for Provincetown residents.

POLICY B: The Town should encourage projects reviewed as Developments of Regional Impact to employ local contractors, suppliers and workers.

POLICY C: The Town should encourage projects reviewed as Developments of Regional Impact to use minority and women contractors listed with the State Office of Minority and Women's Business Assistance (SOMWBA), and encourage the employment of minorities, disabled, elderly, unemployed, and underemployed persons in permanent positions.

GOAL 4: To improve the economic well being of Provincetown's low and moderate-income residents.

POLICY A: In order to serve the interests and needs of low- and moderate-income residents, economic development planning should include strategies for job creation, job training and affordable housing.

GOAL 5: To better utilize existing resources, structures and commercially zoned space for economic development activities.

GOAL 6: To strengthen local partnerships between businesses and Town government that promote, encourage and support year-round

economic activities and which lead to improvements in the local infrastructure that contributes to Provincetown's industries. It is important to note that the newly formed Visitors Services Board provides improvements to the Town's infrastructure and services as well as promoting off-season tourism.

GOAL 7: To provide housing that is affordable to the year-round and seasonal workforce, and to develop a definition of affordable housing that is specific to Provincetown.

GOAL 8: To build on Provincetown's arts heritage to pursue year-round economic opportunities, including educational programs and facilities.

GOAL 9: To develop commuter access to and from Boston, Providence and Cape Cod Community College.

5.3 INVENTORY

A. Number and Types of Businesses and Employers

As of 1995, an estimated 626 businesses and organizations were located in Provincetown. Retail (approximately 340) and accommodations (127) are the predominant businesses, chiefly serving tourists on a seasonal basis. These figures do not factor in condo rentals, which total approximately twice the number of commercial accommodations. Businesses in Provincetown are typically small and independently owned and operated.

With the departure of many part-time residents and tourists in the Fall, the local economy experiences a dramatic drop-off, with many businesses closing down until late Spring. Based on unemployment compensation figures, businesses, non-profits and organizations provided an estimated 4,540 full and part-time jobs in 1994; of this total, approximately 33% were year-round and 67% seasonal.

While it is no longer the dominant economic force in Provincetown, the fishing industry remains an important contributor to the local economy, as well as a crucial element of local heritage and ambience. Provincetown is the largest fishing port on the Cape. Currently, 66 fishing vessels are federally permitted to operate out of Provincetown, down from 89 permitted vessels in 1993. While fish landings and values fluctuate from year to year, overall there has been a sharp decline throughout the 1980s and 1990s. Like tourism-related business, fishing peaks in the summer and declines in the colder months.

Sea clams are the only commercial shellfish harvested. This activity occurs on the outside of Long Point. There is no commercial shellfishing in Provincetown Harbor other than at private grants, which

are available for \$25/acre. Aquaculture is a new industry in Provincetown.

Other water-related businesses include marinas, whale watch tours, and fishing excursions. These businesses are largely seasonal in nature.

Art is a major contributor to the local economy, both directly, as a generator of jobs, income and tax revenue, and indirectly, as a tourist draw that helps fuel the retail economy as a whole. Currently, Provincetown is home to some 38 galleries. A 1987 study showed that non-profit art institutions accounted for four million dollars in the local economy. Economic Development in Provincetown (EDIP) reports that at the same spending levels, this translated into seven million 1995 dollars.

B. Occupations of Residents

Tourism-related businesses make up approximately two-thirds of Provincetown employment (compared to a Cape-wide estimate of 44%). (EDIP, p. 20) Most tourism-based jobs pay low wages and provide little in the way of benefits or long-term economic security. Retail businesses employ an estimated 50% of Provincetown's work force while another 25% are employed by service businesses and 15% are government employees. Based on the 1990 Census, 19% of Provincetown's workforce was self-employed, compared with a countywide figure of 13%.

C. Seasonal Employment/Unemployment Trends

With tourism as the backbone of the local economy, seasonal employment/unemployment trends are well established. While many resort areas have seasonal fluctuations, few are as dramatic as Provincetown's. The Provincetown economy operates well below its summer peak for at least six months of the year. Employment typically peaks in July and August and is at its lowest in January and February. The average annual unemployment rate is over 25%, with a 1995 January high of 51% and a low of just under 8% in August. (Cape Trends, p. 75) Both of these figures far exceed those of all other Cape towns. It should be noted that use of the unemployment compensation system is generally considered a necessary and accepted supplement to income among Provincetown's year-round residents.

While unrecorded economic activity may be substantial (employees being paid off the books; incomplete declaration of income), the seasonal nature of the economy, short-term employment opportunities and the high cost of unemployment insurance all contribute to "the overall conclusion that Provincetown's residents are faring much worse than their counterparts in the County or State". (EDIP, p. 19) In fact,

Provincetown maintained its last-place countywide ranking in median household income through both of the last two U.S. Census recordings. It is for this reason that a definition of affordable housing must be specific to the income levels of Provincetown's residents. Because Provincetown is primarily a fair weather resort, cold temperatures and an unforgiving geographical setting constrain efforts to expand the traditional tourist season. Cold weather tends to be the norm from mid-November through March. Both the 1988 Master Plan and the Economic Development Plan support efforts to promote the attraction of holiday shoppers in the fall and early winter (typically, some 25% of spending on non-consumables occurs during the Christmas season). Greater promotion of the offerings of Provincetown's arts community is probably essential to such an effort. The viability of this and other strategies are discussed in the Analysis section.

5.4 ANALYSIS

A. Strengths and Weaknesses of the Local Economy and Strategies for Economic Development

As the Economic Development Plan bluntly states, "Provincetown's economy is structurally unbalanced and dominated by retail." (EDIP, p. 29) The very qualities that make Provincetown an attractive place to live and visit are intrinsically linked to the strengths and weaknesses of the local economy. Provincetown's beaches, coastal scenery, arts, and pedestrian-oriented shopping opportunities are major drawing points and fuel the local economy.

However, the dominance of seasonal tourism in the local economy has its drawbacks. With the arrival of cold weather, the majority of local businesses are closed, limiting employment opportunities and shopping and recreational options for year-round residents. It has become increasingly difficult for businesses that do remain open during the off season to find staffing. Due in large part to the cost of housing, the number of workers decreases each year during and after the season. It is important to note that, despite its isolated location, access to Provincetown is maintained through year-round air and bus service.

Traditional economic development strategies geared toward luring industry are generally inappropriate for Provincetown due to the Town's remote location and lack of available, developable land. Recognizing this, economic development efforts should emphasize Provincetown's unique attributes, address local needs and target specific industries. Key strategies recommended by the Economic Development Plan for improving the local economy are summarized below. Regardless of the ultimate direction of local efforts to expand

the economy, emphasis should be placed on business diversity (after all, what is Provincetown without mixed use?) and on encouraging the use of local skills and labor whenever possible.

Extending the Tourist Season

Because current tourist activity already strains the Town's resources, it is in Provincetown's interest to limit increases in peak season "day-tripper" visitors and concentrate instead on extending the length of the tourist season. One strategy is to make some key summer attractions available in the off-season, particularly during the fall. The traditional tourist season runs from mid-May to early September, but temperatures are usually still pleasant enough into November for outdoor recreation such as hiking and walking.

Provincetown has thus far been unsuccessful in drawing consistent numbers of off-season visitors but has done some very successful niche marketing for various weeks and weekends from mid-September through December. Extension of the seasonal economy to draw visitors during the off-season could be facilitated by improved insulation and heating of accommodations facilities, and scheduling and promoting special activities such as festivals and concerts.

Promotion of holiday shopping opportunities coinciding with Thanksgiving and Provincetown's distinction as the first landing place of the Pilgrims is being developed. The annual Holly Folly celebration the first weekend in December has grown each year since it began in 1995. Obviously, for such a strategy to be a success, a significant number of shops and galleries must be open during the holiday season.

The potential off-season role of the arts cannot be overstated. The link between the arts industry and tourism is generally underutilized. In addition, there is growing concern that many artists can no longer afford to live in Provincetown. The marketing of off-season shopping in conjunction with gallery openings and other cultural events can benefit artists as well as other segments of the year-round population. Further, activities linked to the arts and education need to be explored, including increased access to the arts.

In addition to promoting Provincetown during the holiday period between November 20 and New Year's as a "Shopping Destination," the Economic Development Plan recommends several other strategies for extending the tourist season. Chief among them is the following: Identify and target organizations interested in hosting annual events in Provincetown, such as Women's Week and the "Roundup" have done. Targeted groups should have attributes compatible with Provincetown. Package thematic week-long events coordinated among local shops, restaurants and guest houses in coordination with arts and other events.

Continue development of regionally promoted annual events such as the Provincetown International Film Festival, first held in 1999, food festivals and arts events.

Teen Entrepreneurship

The Economic Development Plan recommends the development of an inclusive (not just for "academic achievers") teen entrepreneurship program to help prepare teenagers for "planning, starting and operating a business" through a hands-on practicum (EDIP, p. 40). Such a program would be designed to expose local teens to successful role models and start and operate a local business catering to all ages. This strategy is particularly relevant to Provincetown's youth because the Town relies heavily on small businesses and self-employment. The Academy and mentorship programs underway in the school system are good examples of this.

Small Business Start-up and Expansion

This strategy would establish local support for "the development of new business start-ups and the expansion of existing businesses in Provincetown." (EDIP, p. 41) Among the details of such a strategy would be to educate participants as to existing programs providing entrepreneurial training, assistance in developing marketing, business and financial plans, capital for start-ups and expansion, and job training. Also proposed is the development of a local micro-enterprise service to provide assistance to participants. The Economic Development Plan provides extensive detail beyond the scope of this Analysis.

Childcare

The lack of any licensed child care services in Provincetown has a strong impact on the flexibility of local families and employers vis-a-vis employment opportunities. The nearest child care center, the Children's Place in Eastham, has worked to recruit in-home childcare providers in Provincetown. In so doing, the center has found that outdoor play space requirements, the seasonal nature of the economy and limits to the number of children allowed per in-home license are among a number of obstacles to addressing this need.

Strategies for meeting Provincetown's childcare needs include formalization of a working arrangement with the Children's Place, coordination with the Massachusetts Office for Children in finding in-home child care solutions, preparation of grant proposals and development of a working group of local child care providers. Owners of available space, school representatives, business owners and parents should also be organized to develop viable options. Recent discussions have raised the possibility of using available school space for childcare.

Export Opportunities

This strategy maintains that local retailers have an opportunity to expand their businesses through greater use of direct marketing to reach a greater market than the traditional summer shoppers. Provincetown's peninsular location has effectively created an "island economy" characterized by far more goods coming in than going out. Promotion of local crafts and products, capitalizing on the widely recognized Provincetown name, and development of an export economy would help balance this relationship. Export efforts could be global in reach and would effectively extend the tourist season. The Economic Development Plan discusses this strategy in greater detail.

Computer and Knowledge-Based Industry

The advantage of developing computer-based industry is that location of such businesses is not dependent on proximity to urban centers. In fact, an attractive, out-of-the-way location can be attractive to small publishing, consulting, software programming, marketing, and writing businesses. Incorporation of economic development-related marketing in tourism promotions is encouraged.

In order to ensure the viability of local computer and knowledge-based industry, the Town must provide and maintain reliable power, communications and transportation. Review and updating of licensing and zoning regulations will also be needed to facilitate the successful location of such industries. The Town should also encourage the development of new services such as high speed internet access over cable lines or high speed digital subscriber lines. The availability of year-round air service is critical to this developing year-round economic base.

Recreational Boating

The Town should continue to support recreational boating, expanding available opportunities through provision of additional facilities. The Harbor Plan for the Town of Provincetown recommends improvements such as the addition of dinghy docks, showers, laundry facilities, and lockers. In addition, the Harbor Plan recommends adding a boat ramp available at all tides with easily accessible parking, improvements to the West End boat ramp, improved facilities for dinghy tie-ups, and marina facilities for transient and seasonal docking of recreational boats if economically self-supporting.

Whale Watching

The whale watching industry has become a major tourist-drawing resource in recent years. Its continued viability is contingent on maintenance of the pier infrastructure as well as environmental factors. Greater coordination between the whale watching industry and other local industries and attractions should be investigated. Cold

weather limits the extension of the season for whale watching and sport fishing excursions.

Aquaculture

While it presents a potential opportunity for the Town to build on its economic relationship to the sea, the aquaculture industry faces an uncertain future. Recent local aquaculture efforts have been slowed by the Quahog Parasite X disease (QPX), which kills clams when they reach harvestable size. Continued local development of this industry will entail experimentation and organized commitment to affecting change in current regulations. The Economic Development Plan recommends the development of a co-op or association among aquaculture farmers to address local production and facility needs, as well as strategies for marketing and distribution.

The Harbor Plan proposes that aquaculture should be one of the Harbor's priority uses, not only as an industry with potential to grow, but as one that can help sustain and revitalize the fishing industry. Recommendations in support of local aquaculture include initiating "studies and programs to grow other types of shellfish such as steamers, oysters, mussels, or sea urchins," coordination with State and regional authorities to address the QPX problem, and protection of specific areas suitable for shellfish. (Harbor Plan, V-8)

Arts

Though the arts are still a key component of local life and an economic force, dramatic arts have experienced a sharp decline in recent years, due largely to the lack of available, affordable, usable space. Given the legacy of theater in Provincetown, it is unfortunate that, while a few small groups are struggling to revive local theater, out of Town companies enjoy the greatest success and that only in the summer. Provincetown should capitalize on the recognition of its name in association with the American theater in reviving this legacy.

Visual and written art forms continue to thrive. Nonetheless, the arts industry has the potential to play a larger role in local tourism, especially as an off-season attraction. The Economic Development Plan offers an in-depth strategy for maximizing the viability of the arts and the community that supports and creates it. Key steps include greater involvement of the arts community in local decision-making, development of arts education institutions locally, promotion of local artists as educators on the national and international levels, and cooperation of artists, Town government and developers in identifying and establishing rehearsal and performance space.

An arts education institution or extension to be located in Provincetown has been discussed as a local objective. Campus Provincetown, collaboration among many of the Town's arts

institutions, will offer courses for the first time in 1999 in collaboration with the Art Association, Fine Arts Work Center. Bringing an educational entity in Provincetown must address the availability of space for both institutional and dwelling needs.

Historic Preservation

A largely overlooked but potentially significant economic development generator is historic preservation. Provincetown has the second largest National Register Historic District in the Commonwealth, providing opportunities for maintenance and repair as well as education and additional tourism.

Local historic buildings in need of repair could be used as case studies for historic preservation programs at institutions of higher learning. Of additional benefit to the Town and its economy would be a training program for local carpenters, offering education on historic preservation standards and historic building techniques. Besides boosting the local economy, such endeavors would also improve the Town aesthetically and as a historic resource, potentially providing a draw for tourists extending into the off-season.

Fishing

Provincetown should ensure the maintenance and improvement of infrastructure supporting the commercial fishing fleet. The Harbor Plan recommends that maintenance of commercial fishing facilities be accompanied by improvement in the configuration and condition of off-loading facilities. The Plan also calls for construction of an off-loading dock, designed and dedicated for small boat fishing, as well as supporting facilities such as dedicated parking or loading/unloading zones, storage lockers for gear, and freezer(s) for bait.

Despite its decline, the fishing industry continues to provide an important link to Provincetown's past and as of 1995 ranked fourth in the total number of local businesses by category. Continued advocacy on behalf of the fishing industry on the State, regional and national levels should be a high priority. Emphasis should be placed on support of small boat fishing and the establishment of regional and local markets. The Town should work to ensure that small boat fishing receives priority in all near-shore and offshore fishing regulations. Restaurants in Provincetown should be encouraged to purchase local seafood and it should be an objective of the Town and the local fishing industry that the Provincetown name come to be associated with high quality fish, much as Wellfleet is identified with oysters.

B. Economic Opportunity Areas

The Economic Development Plan identifies two sites for inclusion in Provincetown's Economic Opportunity Area (EOA) application. Various State benefits are available to towns for the development and

redevelopment of such areas including a 5% State investment tax credit, a 10% abandoned building tax credit and priority for State capital funding. Other details are enumerated in the Economic Development Plan. The areas identified as potential EOAs are as follows:

EOA #1: Parcels within the Class P Commercial Zone on Shank Painter Road.

EOA #2: Waterfront parcels 6-4-018 and 6-4-020A and 11-3-019A of Class R Commercial Zone.

C. Town Resource Constraints

It is important to recognize that implementation of any of the above economic development strategies must occur within the limits of Provincetown's available space, services and natural resources. Development, redevelopment, expansion, or other significant change that results in an influx of people and additional strain on the water supply and wastewater capacity in particular must be carefully planned and monitored.

D. Affordable Housing and Work Space

Approximately half of Provincetown's year-round population falls into the low to moderate-income range and, as the Economic Development Plan states, "a significant gap exists between the cost of housing and what the incomes of the low and moderate-income households can afford. The price paid for housing by summer renters, second home owners, and new owners who originate from outside the community bears no relationship to what most Provincetown residents can pay," based on local salaries. (EDIP, p. 31) The Plan goes on to recommend the development or redevelopment of existing sites for affordable housing, workspace and year-round economic opportunities.

Affordable work space for artists is a crucial need for the continued survival of the arts "scene" and for the artists themselves, many of whom find it increasingly difficult to stay in Provincetown. A number of existing businesses have chosen sites outside of Provincetown for production due to the lack of appropriate and affordable commercial space. Affordable housing is addressed at greater length in the Affordable Housing section.

5.5 ACTIONS AND IMPLEMENTATION PROGRAM

Strategic options for many of the following actions are detailed in Economic Development in Provincetown, An Evolving Plan for Action. ACTION 1: In order to effectively extend the tourist season, develop and implement a strategy that promotes appropriate local attractions, makes better use of off-season business capacity, develops and promotes local events, and facilitates coordination among businesses,

cultural institutions and the Town in developing such a strategy. As stated earlier, an important first step has already taken place with the creation of a Tourism Director and Visitor Services Board as part of Town government.

ACTION 2: Establish local support for appropriate new business start-ups and expansion of existing businesses through entrepreneurial training, marketing and financial planning assistance, and coordination of existing programs to meet specific local needs. Targeted businesses should include small computer and knowledge-based industries, arts-related businesses and retail businesses with the capacity to expand through direct marketing and development of export activity.

In order for this to be a viable option, the Town must pursue the upgrading of the electronic infrastructure and providing additional services such as reliable cell phone service that are currently not available.

ACTION 3: Develop a formal relationship between Town government and private businesses and organizations to pursue appropriate economic development in Provincetown. The intent of such a public/private partnership is to share and better utilize public and private resources and facilities, and encourage environmentally-sound practices in undertaking economic development.

ACTION 4: Develop and implement a plan to improve and maintain the qualitative and economic well-being of the theater and performing arts, crafts and visual arts in Provincetown. Potential plan components include establishment of an entity for advocacy on behalf of the arts, integration of art and cultural projects in public and private infrastructure improvements, and promotion of stronger complementary ties between the arts, tourism and cottage industries.

ACTION 5: Develop a campaign for the expansion of export retail opportunities. Key components of such an effort should include national and international promotion and marketing of Provincetown products, cooperative efforts among local retailers, and locally based training in mail and electronic marketing techniques. Again, this option requires improving the available electronic infrastructure and other communication services.

ACTION 6: Create affordable manufacturing and artist work space through redevelopment of under-utilized commercially zoned properties and development and promotion of models for long-term leasing of under-utilized space. Consider allowing suitable structures in the P zone on Shank Painter Road by modifying the Building Scale requirement for that zone.

ACTION 7: Investigate and support alternative, affordable housing strategies for seasonal workers in coordination with local businesses. Continue working with business owners to develop dormitory style

worker housing that might be used in the off season as housing for students at the Fine Arts Work Center or Campus Provincetown.

ACTION 8: Implement a strategy to address Provincetown's childcare needs. Such a strategy should include an inventory of available and potential services and funding, identification of potential facilities, local training, and preparation of grant applications.

ACTION 9: Develop and implement a teen entrepreneurship training program to provide local teenagers with a hands-on practicum for planning, starting and operating a business.

ACTION 10: Support the local fin-fishing and shellfishing industries through management and protection of natural resources and maintenance of Harbor space, infrastructure and services.

ACTION 11: Develop and support a successful aquaculture industry by streamlining the regulatory and licensing process, encouraging regional industry partnerships, promoting applied research and local resources, ensuring off-loading space, and identifying new growing sites.

ACTION 12: Encourage computer and knowledge-based businesses to operate in Provincetown by first improving the Town's attributes and infrastructure, and reviewing and updating licensing and zoning regulations to facilitate and encourage use of residential properties for home occupations.

ACTION 13: Investigate the potential for capitalizing on Provincetown's historic resources as a source of economic development. Such an effort should consider the prospect of attracting an established academic historic preservation program to conduct hands-on case studies in Provincetown, as well as the possibility of establishing a historic preservation-based training program for local carpenters and builders.

ACTION 14: Continue to review the local permit and licensing process and continue to improve communication between business owners and Town regulators and between Town regulatory boards.

ACTION 15: Pursue arts-related economic development, including additional year-round educational opportunities. Campus Provincetown is an important first step in this direction. Expand access to the arts for educational purposes.

ACTION 16: Encourage in any way possible the development of new technology services such as high speed internet access over cable lines or the availability of high speed digital subscriber line services through companies like Media One and Bell Atlantic to counteract the unreliable phone and electrical services that currently exist.