

## ECONOMIC BASE STUDY

### Introduction

The purpose of this Economic Base Study is to investigate the general economic foundation of the Town and Village of Herkimer and to determine the future potentials for Industry, Retail and Wholesale Trade and Recreation in order to establish a sound basis for the planning of future growth and development. Before any detailed discussion of the Town and Village is undertaken, it is desirable to survey the entire region in which they are located so as to place them, along with the other nearby communities of Herkimer County, in proper perspective.

### The Mohawk Valley Area

The Mohawk Valley area, as delineated by the New York State Department of Commerce, is the economic region in which the Town and Village of Herkimer are located, and includes the five counties of Hamilton, Fulton, Montgomery, Herkimer and Oneida. As far as the economic activities are concerned, the northern areas of Herkimer and Fulton Counties and all of Hamilton County are of relatively minor importance, primarily because of the very small population in this mountainous area. Much of this area is within the Forest Preserve and the few permanent residents depend upon the resort trade and lumbering.

Within this five county Mohawk Valley area is a population of 443,582 people, according to the 1960 population census. This represents an increase of some 11.2 percent over the 1950 population. About three quarters of this population is located in the Utica-Rome metropolitan area, comprising Herkimer and Oneida Counties. The central city of the area is the City of Utica with more than 100,000 population, the main concentration of industry, wholesale and retail trade and services for the economic region. Some influence is also felt from the Albany-Troy-Schenectady area in the eastern portion of the Mohawk Valley since Utica is near the western boundary of the region. For the purposes of this study this influence is not considered important as far as any effect upon the Town and Village of Herkimer are concerned.

#### Major Economic Factors

Manufacturing is by far the most important factor in the over-all economic picture resulting from the fact that the Mohawk Valley area is one of the most highly industrialized areas in the State. In 1950, 43.3 percent of the employed labor force was engaged in manufacturing while 16.7 percent was employed in the wholesale and retail trade category, 16.5 percent was in various Services, including the various professional fields, 5.8 percent was in Transportation, Communications and Utilities. Another 17.7 percent was in other categories of a diversified nature.

Most of the manufacturing activity has been in the area of non-durable goods and consequently has suffered the seasonal fluctuations and other difficulties inherent in this group. There has also been an increase in manufacturing in the electronics field, with considerable dependence upon military spending. When the other aspects of the military establishment are considered,

particularly the military installations in the Utica-Rome area, it becomes clear that the Mohawk Valley area is unusually vulnerable to outside influences, both public and private as well as to general market conditions. The controversy concerning the Rome Air Base Material Area is an excellent example of the dangers inherent in this situation. One advantageous aspect directly resulting from this situation is the cooperation evident among the communities of the area with the aim of improving the economic base of all, though it is unfortunate that it has taken serious economic deterioration to make cooperation for the benefit of all understood by each community. Such cooperation bids well for the future, however, and it will be much easier to reach the development potentials of the area with each community assisting the others.

The present high degree of development of industry and manufacturing in the region is also an indication of the potential future development of the area, as many of the reasons for the present development are advantageous for future development. These include excellent transportation facilities by water, rail, highway and air, a labor force noted for its unusually large proportion of skilled and semi-skilled workers, and excellent supporting facilities of wholesale and retail trade, banking and other services as well as nearby recreation areas. According to recent employment and per-capita income figures there is a considerable labor force not being used at the present, which is available for expansion of existing industry or for entirely new operations, particularly in those fields where semi-skilled workers are needed. There is also an adequate reserve of experienced female workers, especially valuable where manual dexterity is required for production.

Both wholesale and retail trade in the Mohawk Valley area have increased in volume of sales during the past few years, though not at as high a rate as the upstate average. As mentioned before, the City of Utica is a wholesale center,

and along with the remainder of the Utica-Rome metropolitan area is responsible for nearly all of the wholesale sales in the region. The distribution of retail trade also indicates a considerable dependence upon the central city by all of the smaller communities in the Mohawk Valley, though to a lesser extent than for wholesale trade. Also indicated are some effects of the neighboring regions of Syracuse and Albany-Troy-Schenectady. The per-capita retail sales are somewhat below the general upstate level, reflecting the lower per-capita income in the region. Food sales are only slightly below the upstate average and may well be attributed to smaller purchases by farmers who produce a portion of their own food, especially dairy products. In comparison, automotive sales, a somewhat better indicator of the general economic level, are markedly below the upstate average at the present time.

Before any appreciable improvement in the wholesale or retail trade category will be possible, a general increase will be necessary in the utilization of existing industrial potential in order to raise the per-capita income throughout the area. However, as wholesale and retail trade generally parallels the industrial development of the region, it is therefore subject to the same development as industry. Personal income derived from services is also somewhat lower than the upstate average and reflects the present general economic status of the region. Services also parallel trade and manufacturing in future development potential.

While manufacturing is the most important sector of the economy of the region and both trade and services are also major factors to be considered, a considerable portion of the economic base of the region is concerned with agriculture. Dairy products are the primary agricultural commodities with Oneida, Herkimer, and Montgomery Counties all among the top 100 dairy counties

of the country. Milk and dairy products are supplied by both local markets as well as the New York metropolitan area. Sales of livestock and livestock products other than dairy products are also of considerable importance, primarily in Oneida County.

There appears to be little likelihood of substantial change in the present trends in agriculture within the next few years. Milk and dairy products will continue to be the principal production and sales should be in direct proportion to the increase of the population in the marketing areas. There has been a continuous decline in the percentage of personal income from wages and salaries in the field of agriculture as compared with other sectors of the economy. However, this is at least partially because of the general reduction of hired workers displaced by mechanization. As most farms are owner occupied, this decline is not a true measure of the health or prosperity of agriculture, though it does indicate an increase in the available unskilled labor supply for other sectors of the economy. On the other hand, mechanization will release only a certain number of the agricultural work force and it may well be that this number has been reached at present, or will be reached in the near future. This is in view of the decrease of the number of farms but an increase of the acreage of each farm still in production. Therefore, no major change is expected in agriculture during the next few years, though a considerable change is possible in the years following.

There are prospects of a considerable reorientation of the dairy industry in the not too distant future. Those areas of the northeast presently devoted to dairying may in time become centers of beef production in order to take advantage of gains in efficiency such a change would make possible. This reorientation would displace much of the present dairy industry to other areas of the country, and would be made possible through a continuation of the advances already made

in the science of dairy production. While such a reorientation would not be accomplished in any short period of time, even now there are indications of a marked increase in the northeast of the preparation of beef cattle for market. It is not expected that this change would alter to any major extent the percentage of income derived from agriculture as compared with the other sectors of the economy, however such a change would improve the use of land and the income of the farm population.

One sector of the economy which does stand to change considerably during the years ahead, and to change in a much greater degree than any other sector, is recreation. Several trends point in this direction, from the coming three day weekend to higher standards of living for greater numbers of the population. As more and more people have the time and money to take vacation or weekend trips, the use of recreation areas further away from the population centers will increase rapidly. This will result in a considerable growth in those wholesale and retail trade and service functions supporting recreation areas, as well as the recreation areas themselves. The Mohawk Valley area, with its large areas in forest preserves and many other very attractive recreational features and facilities is in an excellent position to realize a tremendous increase in its recreation based economy. The value of the Mohawk River and canal should not be overlooked in this regard as more and more people each year are taking to the nation's waterways for their vacations. As new facilities become available along the river and canal, these waterborne tourists and vacationists can be expected to support an increasingly active, though seasonal, recreation economy.

Further development of ski centers and other winter sports and resort areas, complementing the summer activities, will also be seen, at least in the snow

belt areas. Improvement in access to the existing resort areas, both winter and summer, would almost certainly mean a considerable increase in the use of present facilities and would provide the demand necessary for additional public or privately developed facilities.

#### Herkimer County--The Local Community

With the foregoing general character and present status of the Mohawk Valley area in mind, the immediate environment of the Town and Village of Herkimer, Herkimer County, can now be approached. For the purposes of this study, the five communities of Frankfort, Ilion, Mohawk, Herkimer and Little Falls are of particular interest as they form what may be termed the Local Community in an economic sense. While each of these separate communities has its own economic character, each plays a certain part in conjunction with the other individual communities in the local community.

#### Employment

An indication as to the character of each of the communities in the local community is given by the percentage of the labor force resident in each community engaged in various activities and comparing these with percentages in the other communities. For example, Herkimer, the County Seat, is the center of county government and it would be expected that a comparatively large number of residents are employed in this activity. By percentages of total employed population, according to the 1950 census, Mohawk was actually highest with 12 percent working for government, Herkimer was second with 10.3 percent, Frankfort and Ilion tied in third place with 7.5 percent each and Little Falls

ranked last with 5.5 percent. Mohawk, however, has a much smaller population than Herkimer, so that the actual number of residents employed by government is greatest in Herkimer. On the other hand, government employment is relatively more important in Mohawk as a larger proportion of the population is engaged in government than in Herkimer.

Reflecting the proportions indicated above, Mohawk was lowest of the five communities as the residence of private wage and salaried workers with 77.4 percent and Herkimer was second lowest with 79.1 percent. Frankfort was in the middle of the range with 79.9 percent and the other two, Ilion and Little Falls, were both above 80 percent. The percentages of self-employed workers varied from a low of 9.1 in Ilion to 12.2 in Frankfort. Herkimer was average with 10.2 percent.

According to the percentage of the civilian labor force employed, Herkimer with 92.9 percent compared favorably with the other communities; however, the number of females in the labor force is also relatively high. There appears to be little significant difference in the percentages of employed in the various communities indicating that the labor force moves freely within the entire local community to find jobs, but does not change residence. This supports the contention that the several individual communities really form one unified economic community and that each tends to serve as an integral part of this community.

#### Personal Income

Another factor from which considerable insight into the economic foundation and present status of the local community can be realized from an analysis of the apparent trends of personal income and income sources. In view of the