CASE STUDY OF THE TOWN OF CHAMPLAIN

Lake Champlain Basin Program

OCTOBER 1993

Prepared by: Yellow Wood Associates, Inc.

For: Lake Champlain Management Conference

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While the text has benefitted from review by members of the Lake Champlain Management Conference Economic and Social Subcommittee and others, the accuracy of information and opinions presented here are the sole responsibility of Yellow Wood Associates and do not necessarily reflect the views of the Management Conference or any other organization.

This demonstration report is the first in a series of reports prepared under the Lake Champlain Basin Program. Those in print are listed below.

Lake Champlain Basin Program Demonstration Reports

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CASE STUDY OF THE TOWN OF CHAMPLAIN

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EXECUTIVE SUMMARY

Purpose

The Case Study of the Town of Champlain was conducted for the purpose of exploring the relationship between the economy of a Lake Champlain shoreline community and its water resources. Water resources include not only the Lake but the Great Chazy River, wetlands, and groundwater. This exploration forms the basis for a discussion of potential impacts of the Lake Champlain Pollution Prevention, Restoration and Control Plan (LCPPRCP) on the town's economic well-being, recognizing that the Plan itself is still in its formative stages.

Research for this case study took place between March and June 1993. The research effort included extensive key informant interviews within the Town of Champlain, a telephone survey of business owners, interviews with local government officials, a meeting with the Northern Tier Chamber of Commerce and review of secondary data from regulatory agencies, municipal offices, newspapers, magazines, and historical sources. The case study presents both facts and perspectives held by residents of the Town of Champlain. Interpretations of fact and perspective, as well as policy recommendations, are the sole responsibility of the consultant and do not necessarily reflect the opinion of the Lake Champlain Management Conference.

Context

The Town of Champlain is approximately 5 miles square and had a population of 5,796 in 1990. That population has remained remarkably stable since 1950. The Town of Champlain contains three separate municipalities: the Village of Rouses Point, the Village of Champlain, and the Town of Champlain. The Village of Rouses Point is located on the shore of Lake Champlain and is the more populated of the two Villages. The Village of Champlain is located along the Great Chazy River. The Town of Champlain outside the Villages is primarily open space and agricultural land with some residential development throughout and increasing amounts of commercial development at the border. There are four border crossings with Canada within the Town of Champlain, including the lake.

Findings

The case study is written in narrative form, weaving together many details to tell the complex story of Champlain and its water resources. It is difficult to extract a handful of findings without risking distortion from a lack of context. The list of findings presented below is not exhaustive - rather they represent the diversity of signficant issues uncovered by the case study process.

On access -

* The Town, built with "its back to the Lake" has not provided amenity access to the Lake for either its non-boating residents or for visitors to its shores, contrary to the wishes of a majority of surveyed citizens.

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Citizens of the Town of Champlain are concerned about the balance between local access and visitor access to the Lake and related water resources.

On the economy -

* The economy of the Town of Champlain looks very different from different perspectives, particularly with regard to the importance of the water resources. The marinas and boat supply stores in Rouses Point depend on the Lake for 100% of their business while the auto dealers, for example, have virtually no dependence on the Lake for their customers. There are significant economic multiplier effects associated with boating and fishing in Champlain.

On Canadian business influence -

* Canadian companies seeking a foothold in the U.S. market continue to be interested in a Champlain location. Industrial development is constrained by the lack of available infrastructure, particularly sewer and water. Development is also constrained by the presence of regulated wetlands throughout the community.

On water-related problems -

* Business people in Champlain recognize a wide range of water resource-related problems. They are concerned about the fish population, environmental impact of boating and farming, quality of public and private water supplies, lack of public access to the lake, among other things. Business people are, in general, more aware of problems than of efforts being made to address them.

On strengthening the economy -

* Business people in Champlain recognize the importance of a healthy water resource to the Town's economic future. Some can see real potential to stimulate the economy by strengthening its link to the water resource. Ideas include developing Fort Montgomery as a historical site, re-orienting Rouses Point business facades toward the lake, creating a Town beach, providing improved lake access through rentals, boat tours, fishing charters and festivals and creating wildlife viewing areas among the wetlands.

On property values -

* Approximately 10% of the Town's total assessed value, or 22.5 million dollars comes from residential land, seasonal dwellings, and year-round dwellings located in lake and river neighborhoods. Approximately 8% of property tax revenue is water-related. Water-related property values appear to be increasing faster than non-water-related property values.

On sales revenues -

* An estimated 15% of the sales tax revenues remitted to the Town of Champlain are generated by consumers who use the lake or river. Restrictions on lake and river use, e.g. access, will have fiscal as well as private sector impacts.

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On sewer and water expenditures -

* Water and sewer expenditures are already a significant portion of total government expenditures for the Villages of Champlain and Rouses Point. Water and sewer expenditures including debt service for the Village of Champlain constitute nearly 55% of total government expenditures in contrast to 18.7% for the Village of Rouses Point. The Town of Champlain is increasingly dependent on the Village of Champlain to meet its water and sewer needs.

On economic development -

* Economic development activities in the Town of Champlain have focused largely on creation of industrial parks and attraction of Canadian businesses. In the short run, industrial tax abatements are increasing the tax burden for other classes of property.

On land use planning -

* Local interest in land use planning and zoning have increased in recent years, however, no formal body exists to coordinate planning efforts among the three municipalities in the Town of Champlain. This makes it difficult to address many issues, not only water resource issues, comprehensively.

On agriculture -

* Agricultural land and farming are inadequately acknowledged by existing and proposed zoning. Agriculture is a significant and viable sector of the Champlain economy.

Policy Related Findings

In addition to the town specific findings presented above, the case study experience has provided the basis for some policy related findings presented below.

On regulatory benefits -

* The LCPPRCP can have potential benefit to the economy and citizens of Champlain to the extent that it provides resources to address issues already identified as significant at the local level. Examples would be: growth of aquatic vegetation, lack of public access to the lake and river, groundwater contamination and other public health issues, destruction by the sea lamprey, preservation and use of historic resources.

On regulatory process -

* The LCPPRCP will generate local opposition to the extent it is viewed as external regulation without local involvement and accountability. However, given the degree of shared interests between citizens of Champlain and the Management Conference, a partnership approach to environmental protection in which communities receive the tools and support they need to achieve the goals they set for themselves has real promise.

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On research needs -

* Local communities lack the resources to conduct the research necessary to thoroughly understand the water resource problems they face. The Management Conference could do a great service to communities by providing them with answers to the questions they have about water resources and options for addressing those water resource problems that can be implemented effectively at the local level.

On resource data -

* Towns and private entrepreneurs alike lack the basic advanced planning information they need regarding wetlands, soils, groundwater, and other features affecting development. They also lack experience with processes such as mitigation banking that could be used to achieve common goals.

On regulatory improvement -

* Town governments, citizens and private entrepreneurs find the existing federal, state and local regulatory processes often poorly coordinated, duplicative and confusing. Fear and misunderstanding of regulations obscures what is possible and prevents positive action.

On the amenity value of Lake Champlain -

* The amenity value of Lake Champlain and the Great Chazy River is available to persons owning boats but not to all residents and most visitors. Developing the amenity value of the Lake could improve the quality of life of local residents and, if controlled, contribute to the economic well-being of the community. Public access is not necessarily equal access. More needs to be done to ensure equal access to the Lake.

On septic systems -

* Some areas, such as private septic systems, are currently underregulated relative to their potential to degrade water quality.

On education -

* Education is needed to change behaviors relative to protecting the water resource. For example, dumping highway snow near the lake or using pesticides on lawns near the lake are easily modified behaviors likely to have a positive impact on water quality.

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Conclusion

In addition to the findings detailed above, four themes emerged in the process of conducting this case study that have implications for the ultimate success of the Lake Champlain Management Conference.

1. Even with all the money that has been spent and continues to be spent on research, there is still a lot unknown about the science and economics of the lake.

It is important to test as many assumptions as possible before implementing any public policies with potential for substantial adverse economic impact or unanticipated consequences.

2. Local capacity building in community planning, plan implementation, resource monitoring and restoration are needed, at least in the communities of Clinton County, New York.

For a variety of reasons, the community planning process is less evolved in New York than in Vermont. The Management Conference has an opportunity to contribute to developing a community-based approach to resource protection that includes planning, data collection, implementation and evaluation to achieve environmental goals as defined by the community.

3. Effective regulation must be consistently enforced across New York, Vermont and Canada. Effective regulation must produce measurable benefits in a cost effective manner.

The principle of marginality in costs and benefits must be understood by those with the responsibility to regulate. Costs of pollution control increase exponentially as one moves closer to requiring 100% effectiveness. Conversely, with the exception of immediate life threatening situations, the benefits of moving from 98% to 100% effectiveness are scarcely detectable. Measuring cost effectiveness means knowing not only the cost of carrying out a regulatory program from the administrative side, but recognizing, as well, the real costs of regulatory compliance carried by citizens and local governments, the opportunity costs they face, and the value to those who pay of the benefits they will receive.

4. Paying to prevent pollution in the first place generally costs less in absolute terms than paying to clean it up or control it once it has been produced. Prevention requires investment at the front end of the production process rather than at its conclusion. Effective pollution prevention requires appropriate action at the local level by firms, governments, and citizens who must first understand the issues, technologies and choices they face.

Many large companies whose activities effect environmental health are continually looking for pollution prevention strategies which will ameliorate the need for costly containment, waste disposal, and/or clean-up down the road. They are using and continually refining a process called "environmental auditing". They recognize the cost-effectiveness of prevention in today's climate of environmental concern.

It is time to take the methods developed by large companies and adapt them to the pollution prevention opportunities of small firms, local governments, and citizens whose everyday actions have significant

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cumulative environmental impact. The Management Conference can play an important role in identifying specific cost-effective approaches to pollution prevention for Basin communities.

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INTRODUCTION

The purpose of this case study is to describe the economy of the Town of Champlain, explore the relationships between the town's economy and the full range of its water resources, and examine the potential impact of the Lake Champlain Management Conference's Pollution Prevention, Restoration and Control Plan (LCPPRCP) on the town's economic well-being. In exploring the relationship between the town's economy and its water resources we have sought to identify water-related problems as well as water-related opportunities. We have presented both relevant facts and different perspectives on those facts voiced by residents of the Town of Champlain. Given the sensitive social and political nature of small towns, we have chosen to present perspectives through the use of (mainly) unattributed quotations. Every quote is an accurate rendition of words actually spoken, and reflects commonly held beliefs and values.

Insofar as possible, we have identified steps already being taken to address identified problems as well as efforts underway to maximize opportunities. In so doing, we have begun to sketch the complex framework of existing regulatory agencies, policies, and interventions already affecting water and its use and quality. The relationships of both the public and private sector to the water resource are considered.

Information contained in this case study is based on key informant interviews with over 30 members of the community, a dozen or more interviews with county, state and federal employees, telephone conversations with 43 members of the business community from the Town and each of the two Villages, and a brainstorming session with the Northern Tier Chamber of Commerce. A list of interviewees is appended to this report. Primary research has been supplemented with secondary data from print media, the U.S. Census, and a variety of other sources. A complete bibliography of sources is appended to this report.

The case study is organized into five main sections. The first section highlights the historical connections between Lake Champlain and the Town of Champlain. The second and longest section describes the economy of the Town of Champlain today. It includes descriptions of industry and industrial development, locally owned businesses, tourism and recreation, historical assets, education and cultural events, boating, retail trade, government, agriculture, fishing and real estate development. The third section contains an analysis of the fiscal impact of the water resource on the Town of Champlain including property tax effects, sales tax effects, a revenue and expenditure analysis and a detailed assessment of sewer and water systems as well as a discussion of planning activities in the community. The fourth and final section describes potential impacts of the Lake Champlain Pollution Prevention, Restoration and Control Plan on the economy of the Town of Champlain. The fifth section is an Epilogue noting four over-riding issues effecting implementation of the LCPPRCP.

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I. LAKE CHAMPLAIN AND THE TOWN OF CHAMPLAIN: HISTORICAL CONNECTIONS

The area that was to become the Town of Champlain was reached by Samuel De Champlain in 1609. In that year he fought a battle with the Iroquois Indians at Ticonderoga. The French and Indian War (1754-1760) brought European armies and navies to the Lake. In 1774, Point au Fer was fortified by the British and in 1788 Lieutenant Pliny Moore and five others formed the Town of Champlain. A census of the town conducted in 1790 showed 37 families of which 28 were of French-Canadian descent. The last significant military engagements on the Lake were during the War of 1812.

Jacques Rouse settled the Village of Rouses Point in 1793 to operate an inn and landing dock. During this period, Lake Champlain was the main transportation route for people and goods between Canada and the United States. Nearly all the settlers were farmers. Some traded potash and salmon to Canada, but most of the manufactured goods used in Champlain came from Albany.[1]

The timeline below highlights the commercial development of Champlain from 1800 to the present, clearly showing the role of the lake and river as an obstacle, transportation route, source of power, commercial vehicle for floating logs and barges, and amenity. Of all the ways in which the Town of Champlain could value the Lake, its amenity value has been least developed historically.

The timeline also shows the significance of Canadian trade and influence since the earliest days of settlement. Transportation and trade have always been important to Champlain's economy. As the dominant modes have changed from water-based transport to combined water and rail to rail alone and then to highway, the Town's economy has reshaped itself until today the economic importance of the water seems overshadowed by the highways, Canadian trade and Canadian owned industry. Nonetheless, as we shall see, a real and potentially growing connection remains between the economy of the Town of Champlain and its water resources.

[1] Hans Klunder Associates, Inc., Comprehensive Plan - Phase I and II for the Town of Champlain, Village of Champlain and Village of Rouses Point, New York, 1974.

TIMELINE

1801-1819	Major floods on the Great Chazy River are recorded
1805	General Moore builds a saw and grist mill at Moores Mills.
1807-08	Embargo on trade with Canada leads to much smuggling.
1809	Steamboat "Vermont", second commercial steamboat in the world, makes its first trip from Burlington, Vermont to St. Johns, Quebec, stopping at Chazy Landing. Rouses Point becomes first port of call for Canadian arrivals.
1811	Agricultural exports to Canada valued at over half a million dollars.
1820-60	Champlain Agricultural Works produces farm machinery.
1850	First train comes to Rouses Point and first rail bridge built across the lake.
1868-69	Booth Lumber buys 312 acres in Rouses Point for lumber company and acquires rights to 33 acres under the lake for the construction of piers.
1873	Village of Champlain incorporated.
1876	Village of Champlain has Island Park with bathhouses, concessions and a bandstand on the Great Chazy River.
1877	Village of Rouses Point incorporated.
Late 1800's	Barnes starts lumber company and Millard lumber starts box factory in Rouses Point. Sheridan Book Binding Company primary industry in Champlain Village. Railroads are active. John Jacob Astor visits community to oversee transhipment of furs. Champlain Boat Works produces canal barges on the Great Chazy River. A new steamboat dock opens on Lake Street.
1890	The Great Ice Famine
1890	Rouses Point boasts a number of good hotels, becoming known as a summer resort.
1897	First public water system established for the of Champlain.
1920's-30's	Excursion trips popular on the Lake. Prohibition. Steamboats near the end of their days on the Lake.
1934	Ayerst Labs comes to Rouses Point.
1937	Car bridge to Alburg opens.
1940's	End of the diesel canal boat era. Paper boats carry paper bails from Canada to New York. Eel boat carries live eels from Canada to New York restaurants.
1955	Delagar opens branch in Rouses Point.
1962	I-87 completed in Champlain.
1963	Rail crossing bridge line discontinued.
1970's	Passenger rail service suspended for several years.
1986	First industrial park built in Rouses Point. Harris Graphics closes its doors.
1989	First industrial park built in the Village of Champlain.
1988-89	Toll-free bridge to Vermont completed.

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Attitudes toward the lake were formed early and still persist today. The lake, first of all, was perceived as an obstacle. Hence the importance of ferries and, later, bridges.

In the 1800's Rouses Point became a center of the prospering lumber industry. "John R. Booth, the great Canadian lumber king, operated in Rouses Point. The Richeleau River and Lake Champlain were the main thoroughfares where most of his lumber traveled to the markets of the world."[2] Many other lumber and lumber related businesses located here. Lumber covered the waterfront and was stacked to the shore.

"In 1850, it was decided to connect Montreal and the St. Lawrence with the lake at Rouses Point and thus form a very important junction of water and rail. By 1890 five railroads entered Rouses Point. Three bridges were built by the railroads connecting Rouses Point and Vermont. In one year about 60,000 rail cars, carrying 26,000 passengers and nearly 148,000 tons of freight, passed over the bridge and draw. In addition, each season brought about 7,000 vessels, steamers and other craft with several huge rafts through the draw."[3]

In the same year, a railroad was built from the St. Lawrence to St. John's and it was decided to extend the railroad from Ogdensburg to Rouses Point. "The construction of the Great Northern along the Northern border of Clinton County was a vital factor in the growth and prosperity of the town. It served for many years as practically the only means of obtaining raw materials as well as marketing the manufacturers' goods and agricultural produce from the surrounding areas. Products were sold in the markets of eastern New England."[4]

During this period," Rouses Point was established as a trans-shipping port for pulp, hay and raw materials which were transferred at the docks to barges traveling down the Lake to the Hudson Valley. In the 20th century older industry died out... Lake and canal barges that were the mainstay of Rouses Point's economic vitality faded under competition from railroads... Many new industries were subsidiaries of Canadian companies which established branches in Champlain to avoid government duties."[5] During the same period, the Village of Champlain continued to industrialize using water power from the Great Chazy River to run grist and sawmills. Industrial activity included boatworks, foundry, clay tobacco pipes, and book printing.[6]

Railroad lines ran along the shore in Rouses Point. Businesses on Lake Street grew up with their backs to the rail and the lake. Residences were effectively separated from the water by commercial activity and infrastructure. Today, businesses remain oriented toward the street, not the lake, and the road along the shoreline leaves little or no room for development of amenities.

Two events of the 1920's, prohibition and the Great Ice Famine, further illustrate community attitudes toward the Lake. "Rouses Point saw plenty of action during when prohibition was in full swing...It was not unusual for a bribe of $15,000 to be paid to clear a single shipment... Serious smugglers made their runs after 11 p.m. since the Customs stations closed at night and were left unguarded...There was so much traffic between the border towns of Champlain and Rouses Point and the illegal loading stations in Canada that the village snow plows kept the roads between them open in the winter months."

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[2] Lumber files, Melissa McManus, 1993.
[3] Barcomb, Peg, Centennial of Rouses Point, p.26-32.
[4] O'Boyle, Dawn, Village of Rouses Point historian, Pier Restaurant Placemat Facts.
[5] Hans Klunder Associates, Inc., op. cit.
[6] Averill, H.K., Jr., History of Clinton and Franklin Counties, New York, p. 15.

"At first the captured liquor was disposed of down the toilets at Customs houses but the liquor destroyed the packing in the plumbing and caused the pipes to leak. Later, the bottles were broken on an iron rail in the park opposite St. Patrick's Church in Rouses Point."[7] Thousands of gallons of captured liquor were dumped into the lake each week."There was little public outrage at this desecration. Water quality was not a spirited public issue."[8]

During the Great Ice Famine of 1890, no ice formed on the southern stretches of the Hudson River due to a mild winter. The price of ice downstate skyrocketed. "The lake at Rouses Point froze to a depth of 14 inches, so there was square mile after square mile of ice. The late F.W. Myers and his son, who ran the customs brokerage on Lake Street, heard about the situation, so they left others in charge of their business and set about to cut and ship ice. Every available man was hired...The trains of 50-100 carloads of solid ice were sent out as fast as they were loaded, but even then the demand couldn't be met. The price continued to climb and so did the profits of local dealers." Finally, as the winter wore on and no ice formed downstate, dealers began to build ice houses up and down the banks of the lake and fill them with ice packed in sawdust, hoping to ship at a later date. "Breaks in the canal at Whitehall held up the boats, however, until tier after tier of ice melted away." Maine began shipping ice in fleet merchant vessels and broke the market.[9]

This incident is a noteworthy reminder of the extent to which even temporary economic forces influence the use and value of natural resources. It is also a good illustration of the adage, "it takes money to make money". Without the resources and information of an F.W. Myer, it is unlikely the incomes earned by local workers from ice cutting would have materialized.

Just as the railroads eventually replaced the lake as the major means of transporting goods to market, so the highways have replaced the railroads. Route 11 runs to the Lake but I-87 is located miles away. People can now drive through the Town of Champlain without so much as glimpsing the Lake. Businesses can and do locate without considering the Lake one way or another. The community is entering a new era equipped with historic infrastructure, and, to some extent, attitudes, based on past commercial use of the river, lake and waterfront. Limited conversion of historic infrastructure has occurred -- the old rail spur is now part of a commercial marina. However, the amenity value of the lake and its actual and potential economic value to the community under the economic imperatives of the twenty-first century have been largely masked. Despite this, the residents and business people of the Town of Champlain have many ideas about ways to strengthen the connections between the Town's water resources and its economy.

[7] Strictly Business, "Looking Back - Prohibition Was Big Business", October 1990, p. 26-27.
[8] Versteeg, Jennie G., ed., Lake Champlain Reflections on Our Past, The Center for Research on Vermont, 1987, p.21-41.
[9] Barcomb, Peg, Centennial of Rouses Point, p.32-33.

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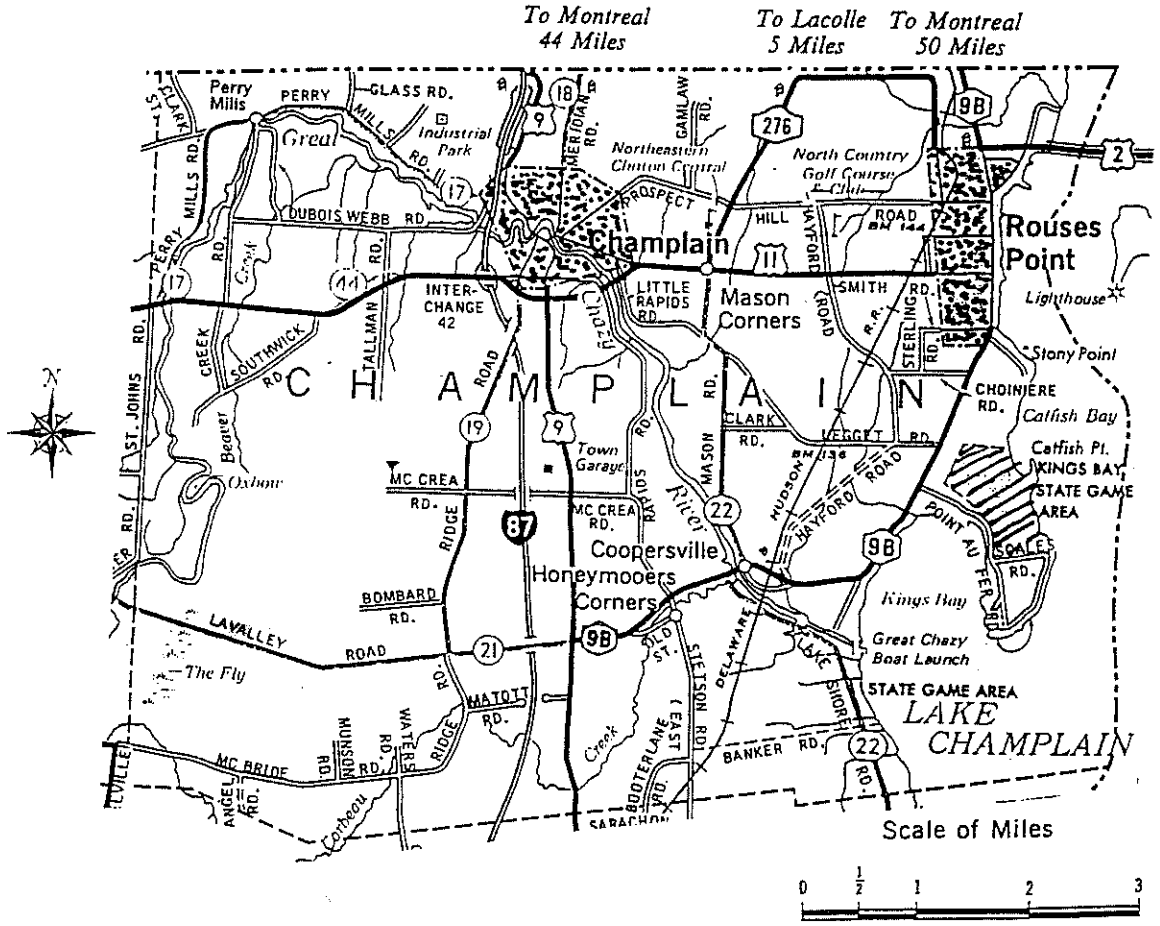
MAP OF THE TOWN OF CHAMPLAIN



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II. THE TOWN OF CHAMPLAIN TODAY

The Town of Champlain is located in the northeasternmost corner of New York State bordering Canada to the north and Lake Champlain to the east. The Great Chazy River, a major tributary of Lake Champlain, runs through the Town from the northwestern corner diagonally toward the southeast and to the Lake. Route 11, the major east-west highway for Northern New York, cuts through the middle of the Town, and Interstate 87, the Northway, runs north/south through the western section. The location of the Town, on the Lake, along the river, next to Canada, has made it an important commercial center in the historical development of the North Country since before the Revolutionary War.

The communities' commercial and industrial links with the water run deep. Their influence is still felt today. Champlain is not a resort community despite its lake location, rather it is a working town of predominantly low to moderate income people[10], many of whom lack access to the Lake and view it more as someone else's playground than as a meaningful amenity.

"This is not a sophisticated community. It is mostly a community of lower middle class people who want to keep it the way it is. There's a deep and increasing resentment toward development that favors the elite and deprives others of access."

"Champlain is a town that hasn't emphasized the amenity value of its waterfront. The lake was there but never utilized to its potential."

"There is very little connection between the river and the lake and the town economy. The Lake is there, we're all aware of it. The lake is responsible for tourism generally, but the kind of development has to do with industries an and manufacturing."

For those businesses that depend on tourism, directly and indirectly, the influence of the lake is palpable.

"If the lake were fouled it would take away 35-40% of our summer business."

"The development of the whole town was based on the lake. It's the major draw for tourism businesses. If the lake wasn't here it would be a dead town."

The Town of Champlain includes three separate municipalities, the Town, the Village of Champlain and the Village of Rouses Point, each with a distinct character. Rouses Point has had the highest concentration of residential units of the county outside the Plattsburgh area. Realtors have defined several distinct neighborhoods in the village.

"Homes along Lake Street in Rouses Point facing but not fronting on the lake are mostly large, gracious homes with deep lawns built by prosperous merchants at or before the turn of the century. The best quality new homes going up in town are at the south end of Rouses Point Village, some about 10 years old, some brand new. (Aside from these two neighborhoods) the homes are small, old style, and are concentrated on cross streets... The northeast section is essentially commercial - but in the absence of zoning it is difficult to draw neighborhood lines."

[10] In 1989, median household income for the Town of Champlain was $27,555 compared with median household income for New York State of $32,965. Source: 1990 Census of Population and Housing, Summary File 3A.

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Champlain Village also contains distinct neighborhoods. "The Oak Street section of Champlain Village presents a unique setting: almost exclusively Victorian style large, old homes...The unusual integrity of this neighborhood is probably due to the Route. 11 businesses relocating to the south edge of the Village and to U.S. customs closing the Meridian Border Crossing." The better developments in Champlain Village are along and around Ashline Drive, "mostly raised ranch...The nearness to, but separation from, the Route.11 shopping center, plus the potential for expansion north to the riverbank (now a cornfield) makes this a desirable location."

Aside from these two neighborhoods, "Champlain Village is an unusually chaotic mix of residential and commercial due to two major highway constructions in recent years, long after the building patterns had been established. First, Interstate 87 was built just west of the Village line, bringing a demand for commercial sites because of this largest-in-the-state border crossing. Second, Route 11 was relocated from the Village center to the south edge. The result is "layering" of commercials, residentials, more (new) commercials, and more, new residentials."

The Town outside the villages is farmed in all directions to the town line. Residences are scattered and do not form distinct neighborhoods with the exception of Perrys Mills and Coopersville, home to the oldest Catholic church in Northern New York. The developable Lake Champlain waterfront beyond Rouses Point is "limited by marshy shoreline and state wildlife refuge ownership. These three sections- Stony Point, Point au Fer, and Kings Bay area - are mostly seasonal dwelling parcels; probably the greatest deterrent to year around home construction is the annual spring flooding in this regional of relatively low shoreline."

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The Village of Champlain has roughly half the population of Rouses Point, lower property values, lower per capita income, and a higher rate of persons living in poverty. The downtown retail area of the Village of Champlain has lost vitality due, in part, to development in 1972 of a strip mall on Route 11 outside the downtown area. The Town of Champlain outside the villages is dominated by farms and open land with development clustered at the intersection of Routes 11 and I-87 and along the Route 11 corridor between Rouses Point and the Village of Champlain.

In 1990 there were 5,796 people living in the Town of Champlain; 1,273 in the Village of Champlain, 2,377 in the Village of Rouses Point, and 2,146 outside the two Villages in the Town. Between 1980 and 1990, the population of Rouses Point grew by 4.9% while the population of the Village of Champlain fell by 9.7% and the population outside the Villages fell by 3%.

The population of Champlain is remarkably stable, having grown by only 13.2% since 1950. This compares with a growth rate of 60.3% for the Lake Champlain Basin portion of Clinton County over the same period. Eighty-four and a half percent of residents in 1990 were native born. Seventy-one percent of residents 25 years of age and older had a high school education or more. The town's population includes 766 people over the age of 65 and 1,409 under the age of 18. As a percentage of the town's total population these groups are large relative to both county and statewide percentages. Although people over the age of 65 comprise 13.5% of the Town's population, they own over 25% of the owner occupied housing.

Housing in the Town of Champlain has been growing at a slow but steady rate over the past decade. Banks finance approximately 20-25 new homes per year. Second homes are bought and/or built at the rate of about 5-10 per year. Considering the lakeshore location, there are relatively few second homes in Champlain. The larger boats kept at marinas serve, to some extent, as second homes. The census lists 145 seasonal homes in Champlain or 5.7% of total housing units, only slightly above average for the county as a whole. Potential exists for increased second home development, particularly on Point au Fer and along sections of the lakeshore recently in agriculture. Farmers are subdividing lakeshore land for development.

The median value of a house in Champlain is $57,400, well below the $65,000 median for Clinton County as a whole. The median year in which housing was built is 1960.

Much of the housing stock in Rouses Point goes back to the railroad days. Homes in Rouses Point are known to hold their value more reliably than homes elsewhere in the Town, partly due to Village owned and hence lower priced electricity. Perhaps as a result, many of the older houses in Rouses Point are gradually being refurbished.

THE CHAMPLAIN ECONOMY: SECTOR BY SECTOR

"How would you describe the economy of the Town of Champlain?"

"Slow" "Weak" "Stable" "Strong"

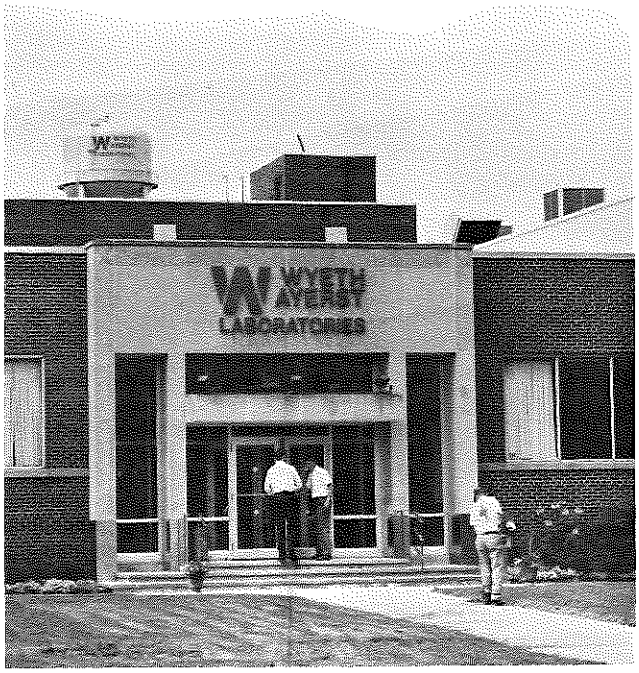
All these descriptions "fit" and were given by business people in the community. Their differing perceptions in part reflect the diversity of the Town's economy. For a small rural community, the Town of Champlain, including the Villages of Champlain and Rouses Point, has a remarkably diverse, if fragmented, economic base.

Between 1980 and 1990, 200 net new jobs were created in Rouses Point, 59 net new jobs were created in the Village of Champlain, and 179 net new jobs were created in the Town outside the two villages compared with 8,181 net new jobs for

Clinton County as a whole. Net new jobs for the Town of Champlain inclusive of the villages was 5% of the county total. The unemployment rate for the entire Town fell from 8.8% in 1980 to 5.2% in 1990 with the most dramatic change in the Village of Champlain where the rate fell from 11% to 5.8%. The unemployment rate for Clinton County fell from 8.7% to 5.6% over the same period.

THE INDUSTRIAL SECTOR

The industrial sector of the Town's economy is dominated by Wyeth-Ayerst, a pharmaceutical manufacturer employing upwards of 1200 people. Wyeth-Ayerst is the largest manufacturer in Clinton County and is located in the Village of Rouses Point. Wyeth-Ayerst is the largest single user of water supplied by the Village of Rouses Point. This water is drawn directly from Lake Champlain.[11] Ayerst is also the largest landowner in the Village with more than 20 acres of property in its name.



Ayerst Labs first came to Rouses Point from Montreal in 1934, reportedly attracted by the availability of an old brick school house, the nearby waterway and railroad, proximity to Montreal and attractive surroundings. An estimated 24% of Wyeth-Ayerst employees live in Rouses Point and another 15% in the Town of Champlain.[12] These include some highly educated white collar workers of diverse nationalities who have come to the community specifically to work at Ayerst. They tend to be upwardly mobile and leave the community after a few years to seek greater career opportunities elsewhere. In the meantime, they contribute to the economic welfare of the community by purchasing real estate, paying taxes, and spending money locally. Non-resident Ayerst employees also spend money locally. For example, they account for approximately 10% of the sales of a local pharmacy. Local people who work at Ayerst predominantly hold the available blue collar jobs. Ayerst, which continues to grow and prosper, has provided considerable job security for these residents and their families.

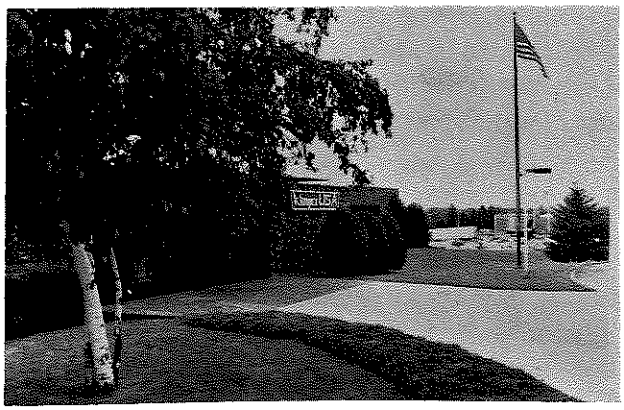
Delagar, a producer of toiletries, designer fragrances, and natural essence products currently employs around 300 people at its Rouses Point plant. Delagar was originally a Canadian company and maintained offices in Canada until 1991. Since then all operations have been consolidated in Rouses Point. Delagar has been doing business in Rouses Point since 1955. It has doubled its sales volume every five years since its inception and continues to have ambitious plans for growth.[13] Along with Ayerst, Delagar has also contributed stability to the local economy. Although Delagar is not a particularly significant water user, its location along Montgomery Street near the waterfront and ownership of lakeshore leaves some potential for an impact on waterfront development.

[11] The connection between Wyeth-Ayerst and the water resource will be examined in another section of this report.
[12] Strictly Business, "Wyeth-Ayerst...A Major Producer", April 1991, p. 11
[13] Strictly Business, "Delagar, "Grandmother" of local Canadian-based Companies", October 1991, p.4

Another major industrial/commercial activity in Champlain is customs brokering. There are an estimated 300-400 mostly local people employed in the half dozen customs brokering businesses clustered near the border crossings. The oldest brokering business, F.W. Myers & Company, located in Rouses Point over 130 years ago because existing rail/water links made it a strategic port of entry. Today the Myers Group is one of the largest brokers in the United States with offices all over the country and overseas.[14]

Industrial Parks

One major employer, Harris Graphics, left the Village of Champlain in 1986. The building Harris left behind was purchased in 1987 by the Kimpex Company, a U.S. subsidiary of a Canadian company which distributes snowmobile, ATV and motorcycle parts and accessories. After purchasing the Harris building, Kimpex formed Kimpex Leasing and began renting space and providing services to small businesses looking to start-up or expand into the United States market. The Kimpex building now houses 45 separate businesses with combined total employment of around 250. All but 3 or 4 of the incubator businesses are Canadian owned. The two largest are Commonwealth Home Fashions, a quality curtain manufacturer, and Bennett Fleet International, a manufacturer of shoe components.

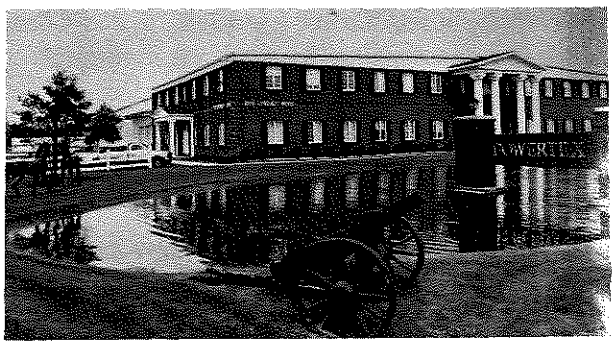


[14] Strictly Business, "F.W.Myers & Company", December 1990, p.26

The Local Development Corporation and the Industrial Development Agency of the Town of Champlain would like to build on Kimpex Leasing's success in attracting new companies by developing another industrial park on an adjacent property. The biggest obstacle to industrial growth is the lack of infrastructure, sewer and water in particular. Staff of the NYSDED confirm the demand for space and the development constraints imposed by lack of adequate infrastructure.

> "The brick wall in expansions is infrastructure. There's not enough infrastructure, land with water and sewer, to support permanent development. It's hard for small communities to do. It would cost 2 - 2 1/2 millions dollars to put in the infrastructure for a new park. The Village of Champlain would be financing it. This is a major level of debt for a small community. They just finished spending millions of dollars on water and sewer improvements. They are concerned about taking on more debt. There are already several companies interested in locating at the park, but it's not enough to cover the complete debt service at the beginning. It is very hard for a small community to deal with speculative projects."

If the proposed industrial park is completed, it will be the town's second. The first industrial park, Fort Montgomery Estates in Rouses Point, was developed by another Canadian businessman, Victor Podd, in the early 1980's. Mr. Podd is the owner of the Powertex company, a producer of disposable bulkheads and liners used in intermodal shipping. Powertex is one of the park's major tenants.



Fort Montgomery Estates industrial park is located within a 338 acre site surrounding and including Fort Montgomery, also known as Fort Blunder. Efforts to expand the industrial park have been limited by Army Corps of Engineers wetlands designations, as have efforts to develop the area around the Fort.

The Town of Champlain contains 23 freshwater wetlands larger than 12.4 acres that fall under the regulatory jurisdiction of the New York State Department of Environmental Conservation. Together, these cover 5,145.5 acres or 16% of the Town's total land area.[15] Wetlands in Rouses Point are considered the most environmentally significant.

However, freshwater wetlands of over one acre in size or any size if along the Great Chazy River are subject to regulation by the Army Corps of Engineers. Wetlands of over one acre in size have never been mapped. The total number of acres and the location of acreage subject to Army Corps jurisdiction is unknown. An agreement between the New York State Department of Environmental Conservation (NYSDEC) and the Army Corps allows applicants to file a joint application since anything subject to NYSDEC jurisdiction is also subject to the Army Corps. To make matters even more complicated, the NYSDEC and the Army Corps view wetlands differently. NYSDEC looks primarily at vegetation while the Army Corps looks at vegetation, hydrology and soils.

The problem, from a developers point of view, is that no one can tell in advance where development will be restricted. The Army Corps works on a site by site basis. When they are notified of a development that may involve wetlands, they send technicians to the site to make wetlands determinations. Both Fort Montgomery Estates and the outlet mall have had the experience of receiving preliminary approval from the Corps to develop which was later revoked or modified. The Army Corps process appears to create uncertainty regarding where development is acceptable, what type of development is allowed and when development can proceed. In a town with as much wetland area as Champlain, uncertainty and additional cost associated with wetland regulation slows the rate of development activity. It also hinders the Town in effective land use planning as areas slated for residential or industrial development may later be designated unsuitable by external agencies.

Army Corps guidelines to protect wetlands require the applicant to consider three separate steps. The first is avoidance. Can the development be elsewhere? The second step is minimization. Can the development be scaled down or moved? The third is mitigation. Mitigation may involve restoration of previously degraded wetlands, enhancement of existing wetlands through elimination or addition of specific vegetation or improved hydrology, or creation of new wetlands in an upland area. According to the Corps, creation has not been very successful. Clearly, any type of mitigation will add cost to a development project.

Since the Army Corps has virtually no field presence, and NYSDEC only regulates wetlands larger than 12.4 acres, it is quite possible that smaller wetland areas are being filled without regulatory oversight. Generally speaking, large wetland tracts and wetland areas on farms appear to be adequately protected by existing regulation. The question is whether existing regulation can be improved to facilitate non-destructive economic use of wetland areas.

Efforts to develop the commercial and industrial sector of the economy of Champlain have focused almost exclusively on attraction of Canadian businesses. In the early days of industrial development as many as 90% of inquiries came from Canadian businessmen who were familiar with the area

[15] Two of these areas extend into the Town of Mooers.

because of their recreational experience, primarily boating. Today, that number has dropped to around 25%. Now the businesses attracted to the community are more likely to know someone else already in business here.

The presence of Canadian businesses has led to a modest amount of second home purchases, often away from the lake since lakefront homes are not readily available.

Initially, businesses attracted to Champlain were primarily warehousing and distribution companies seeking a foothold in the U.S. market. Many of these small operations paid minimum wages. In the eight years since the Town's industrial recruitment program began, many of the warehouse operations have begun manufacturing. Almost half of the new companies moving to Champlain are assembling or manufacturing goods in addition to warehousing.

The presence of dozens of Canadian firms has put upward pressure on local wages. Even the local McDonald's now starts their help at $5.00 to $6.00 an hour. The legal minimum wage may be $4.25, but the marketplace minimum in Champlain is above $5.00. Wages have also been effected by the New York State Department of Labor's (NYSDOL) policy of withholding payroll subsidies for employee training to businesses paying less than $5.00 an hour. Many maturing Canadian companies with operations in Champlain now offer benefits packages in order to retain their employees.

Of the more than 65 businesses attracted to the Northern Tier, including Champlain, fewer than half a dozen have closed, filed for bankruptcy or left the community. Canadian owned firms with satellite locations in Champlain often receive financial backing from parent companies that has enabled them to weather the ongoing recession.

The minimum wages paid in the early days by some Canadian companies combined with those that have failed or left town have left a negative impression in the minds of residents. Community members have mixed feelings about relying on Canadian businesses as the major engine of growth for their economy.

"I think the Canadians are fly-by-nights, with a few exceptions. The benefits of Canadian manufacturing and distribution here will be lost under the Free Trade Agreement."

"The economy is growing but in direct relation to Canadian dollars and investment and it may not be healthy growth. They slip away as fast as they come in. Canadian companies aren't paying the same wages as Harris Graphics."

"The companies that are coming in all pay minimum wage and no benefits."

Others see benefit to the local population through job creation, better than minimum wages, and potential for career development.

"The Canadian companies can provide a career ladder to local people. They may start out as a part-time warehouse operator and then, as the company grows, become a fulltime warehouse manager."

Companies seem to be attracted to the Town of Champlain less by the water than by its proximity to Montreal, good transportation networks and a ready, relatively inexpensive labor force. The industrial infrastructure already available in Champlain is second only to that in Plattsburgh. The Town has not, thus far, had to compete with other Clinton County communities.

Public Sector Support for Industrial Development

The industrial development effort in Champlain has attracted considerable public sector support. The State of New York has loaned money for the development of Montgomery Estates, the expansion of Delagar, GLC Furs and Dyers, and to many of the companies in the Kimpex building for training, machinery and equipment.

Bill Karstens of the Town of Champlain Local Development Corporation, estimates average annual investment in new businesses over the past eight years is equal to $70,000 in training, $1 million in new plant construction, and $4 million in plant and equipment purchases, operation and replacement. Tom Marlow of Albany Savings Bank estimated on an annual basis 75% or more of total private business investment in Champlain is made by Canadian companies and 25% or less by locally- owned businesses.

In 1990, the U.S. Bureau of the Census reported 632 persons living in the Town of Champlain employed in manufacturing non-durable goods, 115 persons employed in manufacturing durable goods and another 127 persons employed in wholesale trade. This represented a 45% increase in manufacture of non-durables, a decline of 67% in the manufacture of durables and an increase of 452% in wholesale trade. The huge increase in wholesale trade can be attributed to the influx of Canadian firms.

Industrial Water Pollution

Industrial development has never been without environmental cost but recent actions suggest greater sensitivity than ever before to environmental mitigation and pollution prevention.

A consent decree has recently been signed between the NYSDEC and Wyeth Ayerst to investigate and handle the problem of toxics generated by the company and allegedly dumped into the former McCrea Road landfill in Champlain. Similar toxics were also dumped in Mooers. A more serious problem identified at the Harris-Brault Hazardous Waste Site in West Chazy in the early 1980s has been effectively addressed by removing contaminated liquid and sludge and treating contaminated groundwater with air strippers.[16]

Several citizens expressed concern about what they believed to be toxic effluent from Ayerst Labs entering Lake Champlain through a discharge pipe. Residents are concerned there may be a link between these discharges and what they perceive to be high cancer rates in the community. Others are not concerned about current discharges as much as about past pollution from the plant. A review of the Cancer Data Profile Focus on Clinton County produced by the New York State Department of Health indicates no statistically significant incidence of cancer within Champlain over the period 1978 - 1985. In 1980, Champlain had 7% of the population of Clinton County, while between 1978 - 1985 their population included 8% of all lung cancer cases, 9% of breast cancer cases, and 8% of colorectal cancer cases in the county. When adjusted for age and other factors, these incidences do not suggest unusually high cancer rates for Champlain.[17]

The Village of Champlain has a Priority Pollutant Plan in place that involves five village businesses. The Plan calls for notification, testing, monitoring, and possibly pretreatment of certain wastes by these businesses.

[16] Manor, Steve, "2 More Toxic Waste Dump Sites Identified" Press Republican, May 13, 1986; "Town, AMI and Ayerst Undertake Landfill Probe", Press Republican, November 5, 1989.
[17] Cancer Data Profile 1990 Focus on Clinton County, New York State Department of Health and Andrus, John V., Director Clinton County Department of Public Health, personal correspondence, May 21, 1993.

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chromium from their fur processing activities entering into the Village of Champlain water system. GLC paid a fine to DEC and is now required to monitor and pretreat their waste flow, an expensive proposition.

Champlain Dry Cleaners apparently recycle much of their waste but they have been asked by the Village to conduct a $1000 waste water test required by DEC. "Our future is questionable...If they make us get a $100,000 system to pre-treat our water, we would go out of business. They are testing for more than 100 pollutants, and we don't know how often they will make us do the test."

Other businesses included in the plan are: Northeast Clinton Central School, Independent Food Products, and Champlain Food Grade Service.

Only a handful of businesses, including a garage, a truck stop, and a railroad yard have applied to NYSDEC for pollutant discharge permits since 1990.

LOCALLY OWNED BUSINESSES

In the past year and a half, the Local Development Corporation has worked on ten local project proposals. Local businesses are developing in health services, retail, and business services. There are very few locally-owned manufacturing businesses in the community.

A telephone survey of 47 local retail, service and manufacturing businesses was conducted as part of this case study. Respondents included 13 businesses in the Town of Champlain outside the villages, 9 businesses in the Village of Champlain, 15 businesses along Lake Street in Rouses Point and 10 other Rouses Point businesses. Eighty-three percent of business owners live in the Town of Champlain. Rouses Point businesses were heavily represented since, being on the lake, it was assumed their sales would be most tied to lake use.

When asked to describe the economy of the town, 36% of responses indicated the economy was growing, 30% indicated the economy was weak, mediocre or declining, and 25% indicated it was very good, strong or good. The other 9% recognized it varied by location in the town or weren't sure.

The main indicators of a growing economy were the outlet mall, the amount of Canadian spending and business attraction and a solid industrial base. Indicators of a weak economy were the decline in Canadian traffic. The economy was recognized to be seasonal for many retail businesses, and cyclical for Lake Street businesses as a whole, with the cycle currently on an upswing as vacant storefronts fill up.

The most pressing issues facing the community mentioned more than once include: water and sewer treatment (9), unemployment (7), business attraction (5), bad economy (4), zoning and planning (4), higher paying jobs (3), taxes (3), decrease in traffic (3) and environmental pollution (2). Five people felt there were no pressing issues. Issues mentioned only once include: downtown revitalization, need for more land for residential construction in the villages, parking, loss of farmland, unfavorable Canadian exchange rate, need for regulations on boat traffic, need to encourage tourism and the need to balance community growth.

Seventy-nine percent of those questioned felt the economy of the town is effected by Lake Champlain and the Great Chazy River. The most recognized impact is tourism. Three people mentioned the lake as a source of drinking water and three as a source of recreation. Two felt the water has a negative impact due to pollution. Fifteen percent felt the lake and river have no economic effect. Two people felt the river has no economic effect.

The primary benefits to business owners of the water resource are personal. Seventeen percent use the lake and/or river for personal recreation. Only one person derived income from fishing. By and large, the lake and river were not a factor in the business location decisions of local businesses. Less than 10% answered "yes" to this question. However, the presence of the lake and the tourists it draws have effected some business investments as owners saw the potential to capture additional business.

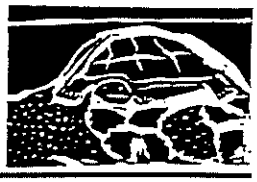
The most frequently mentioned types of changes business owners would like to see in Champlain over the next five to fifteen years are: more industry (13), downtown revitalization (7), zoning (5), more jobs (5), public access to the lake (5), encouragement of tourism (3), a town beach (3), less development along the lakeshore (3). Four of these desired changes relate directly to the water resource.

Business owners were able to name a wide range of water related problems in their community. These problems are listed below:

Fish
- lower fish population/over-fished
- health advisory
- lamprey

Boats
- polluting
- fuel pollution
- too many/ congestion around bridge
- speeding
- marinas polluting
- too many marinas
- sewage dumping
- lack of tour boats and rentals
- moorings too far into lake

Farms
- chemical run-off



Water Supply
- too much chlorine
- hard water/bad water hurts development
- public water not potable
- high cancer rate
- no public water and sewer outside villages
- bacteria
- need to monitor industrial pollution
- stormwater infiltration in Rouses Point

Swimming
- can't swim in lake or river because of pollution
- weeds
- no beach
- mosquitos

Rouses Point
- no buffer between lake and buildings
- some buildings are eyesores/poor condition
- buildings block view of the lake

Miscellaneous
- flooding
- limited public access to lake and river
- too much government regulation
- loss of Ft. Montgomery due to deterioration
- too much construction in wetlands
- hydropower opportunities not utilized
- salt pollution from road snow dumped on beach
- too many lakefront homes and camps
- acid rain

While nearly three quarters of all respondents were aware of at least one water problem in the community, far fewer were aware of any efforts being made to solve these problems. For example, seventeen people mentioned hard or bad water as a problem but only eight thought anything was being done about it. Eight mentioned lake water pollution but only three knew of any efforts being made in this area.

The biggest concerns for the future of the water resource are in the areas of lake health, pollution, and water quality. The majority feel pollution should be addressed at the local level, although several mentioned federal, regional and state responsibility as well. Respondents feel that responsibility for lake health is (or should be) split between local and state government, while responsibility for water quality is split between local and federal government. Respondents suggested regional responsibility for pollution, lamprey, farm run-off and industrial pollution. In the case of lamprey control and farm run-off, this is consistent with the structure of existing efforts. In general, where responsibility for maintenance of water resources was assigned, sixteen mentioned local government, nine state government, six federal government and three regional responsibility.

Transportation

Another sector of significance in the Town of Champlain is trucking and related services. This is clearly due to the Town's location along the border and the access provided by I-87. Most of the trucking companies are locally owned. The census reports 431 people employed in transportation in 1990, a decline over the decade of 15%.

TOURISM AND RECREATION

The existing tourism economy in the Town of Champlain is based on boating, fishing, hunting, some second homes, and Canadians and others travelling through the community to access the lake in other locations such as the Plattsburgh beach. In addition, some Canadians travel to Champlain specifically to shop, usually at the strip mall on Route 11. These visitors are not necessarily looking for recreational opportunities other than shopping. Other Canadians travel through Champlain from the western provinces to the maritimes.

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"Being off 87 and 11 we do a lot of business with English Canadians... They come this way because Route 11 is more scenic than the Canadian highway and, they won't say this, but they are avoiding the French issue. "

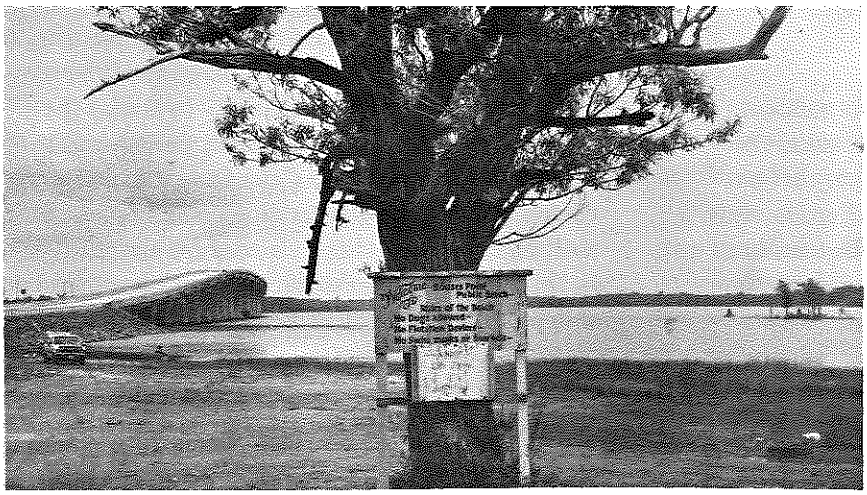
Recreational opportunities which utilize the water resource directly or indirectly are quite limited. Access to Lake Champlain and the Great Chazy River are limited. These limits effect both local residents and visitors who are not equipped with their own boats or second homes.

Infrastructure to support tourism is lacking in other areas as well. Existing hotel and motel facilities are packed in the summer and empty in the winter. During the summer months demand exceeds supply by at least 30%. The same is true by and large for restaurants. Several respondents mentioned the need for more restaurants. Parking in Rouses Point is a problem during the summer months. Recreational activities beyond boating (for those who own their own boats) and fishing are unavailable. There are no boat rentals, water parks, or even picnicking areas near the water. Given the constraints of existing infrastructure, a tourism development plan would have to address infrastructure needs as well as attraction strategies. Since the summer months provide the greatest tourism opportunities, infrastructure to support seasonal businesses might be an appropriate component of such a plan.

Town Beach

One of the amenities the Town currently lacks is a beach for town residents. Children swim off a dilapidated "state dock". The last time the Town had a beach was in 1987-88 before the new bridge to Vermont was constructed. Bridge construction utilized the beach area owned by the Lake Champlain Bridge Commission. The beach at the bridge site had been primarily a children's beach operated by the Village of Rouses Point Youth Commission. The shallow area made it appropriate for children, but outbreaks of swimmer's itch (schistosome dermatitis) lead to periodic closures in the late 1970's and early 1980's.[18] Residents feel swimmers itch is caused by ducks and duck waste in the water. Residents are also concerned about growth of aquatic vegetation and oil and gas from boats fouling the water for swimmers.

Still earlier, the Village had a sandy beach area just north of Stony Point Road. The area now has weeds growing in it and is apparently considered a wetland.



[18] Manor, Steve, "Beach Closed But Being Used", Press Republican, July 25, 1984.

The transition from beach to wetland appears to have resulted from filling in of the break water off of Sandy Point Road. When the breakwater was filled in, wave action no longer reached the beach to keep it well scoured and weeds began to take over.

In a 1984 survey of Rouses Point residents, 63% of respondents indicated a public beach was a high priority and only 14% considered in a low priority. In contrast, only 12% thought an outdoor swimming pool was a high priority.[19] Despite strong public interest in a beach for local residents, little has been done to secure the necessary land, permits, or funds to proceed. Reasons for the lack of action include the perception that NYSDEC will not, under any circumstances, allow the town to alter a "wetland"; confusion over the legality of a limited access beach for town residents only; and public officials' fear of village liability for accidents occurring on the beach.

> "The bay south of the village used to be a beautiful sand beach. Now there are cattails everywhere. There used to be an opening in the breakwater - it was there when the beach was there. It can't be cleaned out now. It's really a shame. Man created that problem, now man won't let man fix it."

With the exception of the wetlands issue, the problems of limited access and liability have been successfully addressed by numerous other communities in New York State and could, with attention, be solved for the Town of Champlain. A detailed history of the south beach site might permit reconsideration of its use as a public beach area.

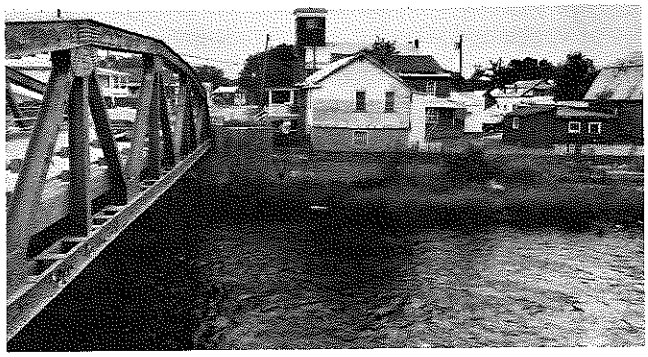
A beach for town residents would provide a much needed recreational outlet, particularly for low to moderate income households who lack transportation to reach the town pool located in the school four miles away.[20] A beach for residents would further strengthen property values in the community as well.

Public access to the Lake is easier in winter. Ice fishermen, snowmobilers, and hockey players all use the lake on an informal basis.

River Access

There are four factors limiting access to the Great Chazy River for recreational use. Each one presents an opportunity to increase the economic returns from the water resource. The first is the build up of sediment around the mouth of the river that restricts boat traffic. Periodic dredging is needed to keep the river accessible to boats however dredging can also increase siltation and foul the gills of fish. While there are valid environmental reasons for controlling dredging, the permitting process has made this a very costly and difficult procedure.

Second are the physical structures, e.g.railroad bridge, crossing the river that effectively limit passage from the Village of Champlain to the Lake. Historically it was possible to travel by boat the entire way between the Village and the Lake; today, the navigable portion of the river is only a few miles long. Property values along the navigable portion are noticeably higher than along other stretches of the river.



[19] Clinton County Planning Board correspondence with Rouses Point Village offices, August 10, 1984.

[20] The census reports that in 1990 a total of 209 households in the Town of Champlain had no vehicle including 115 households in Rouses Point.

Third is the issue of access across farmland to the river itself for fishing, canoeing, swimming, and other activities. There are few, if any, designated public access areas.

Fourth is the potential to develop the Village of Champlain riverfront area to increase its amenity value. This could be an important piece of a downtown village revitalization effort.

Private Recreational Access

Ten of the twenty applications for protection of waters permits received by the NYSDEC since 1990 have been for improvements to private access such as shoreline fill and boat ramp, repairing stone retaining walls, creating beach and shore protection, and constructing a concrete boat ramp. Three permits have been issued to private home or camp owners for water lines extending into the Lake. The other ten permits have been issued to marinas on the lake and river to repair, replace, or expand existing structures. While the issue of public access goes unaddressed, those who can afford to own lakeshore property and upgrade facilities are doing so.

The most frequently expressed water quality concern of people with camps on the lake has been "weed" growth. No distinction is generally made by residents between wetland/aquatic vegetation growth and algae growth or between native and exotic species of vegetation. Since different types of vegetation develop and persist in response to different environmental conditions, more scientific investigation of types of vegetation of concern to local residents and the conditions that have led to their growth and spread could lead to specific action plans to address this concern.

"I've owned a camp for 35 years. We used to be able to swim in the water but I won't go in now because of all the weeds."

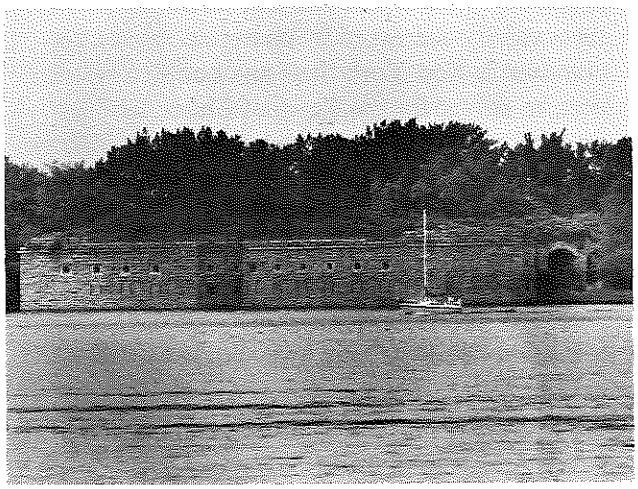
"Weed" growth seems to be particularly bad on Point au Fer. This is also the area with the greatest potential for increased camp or second home development. If "weed" growth were controlled, property values would probably rise and additional incentive would be created to develop the open land now subdivided but not developed.

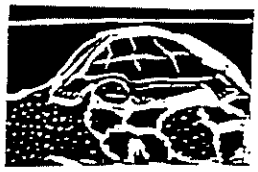
Historical Assets

The Town of Champlain has a rich and fascinating history, much of it related, directly or indirectly, to the water resource. Significant historical artifacts and collections include Fort Montgomery, the Pliny Moore Homestead, the Samuel de Champlain statue and the Ross Memorial Collection.

Fort Montgomery

Fort Montgomery was begun in 1818 to defend against further occupation of the Town of Champlain by the British who had invaded during the War of 1812 and again in 1814. However, its location turned out to be in British territory! Hence the nickname "Fort Blunder". In 1842, the site of Fort Montgomery was annexed back to the United States. The Fort was completed and gunned but never garrisoned. Much of the stone from the original Fort was used to build homes and other structures in and around Rouses Point.





The Fort was purchased by Andrew Weston who was contractor responsible for building the first auto bridge between Rouses Point and Alburg in 1937. He used stone from the Fort to build the bridge. Three of the four walls of the Fort were apparently torn down to build the bridge. The fourth wall, facing the bridge, was deliberately left standing to preserve the visual impact of the Fort.

In the early 1980's the Fort and surrounding acreage was purchased by Victor Podd, owner of Powertex Corporation. Since that time, Mr. Podd has made a number of efforts to create access to the Fort and amenities for town residents and tourists. At one point Mr. Podd offered to sell Fort Montgomery to the State of New York for one dollar but the state refused to buy it because of liability issues. Some of the land leading to the Fort is currently owned by NYSDEC. Negotiations are under way between Mr. Podd, the IDA/LDC, NYSDEC and the Army Corps of Engineers to determine what type of development is possible that would: 1) provide some type of access to the Fort, an important historical structure; 2) allow some amount of recreational access and commercial development such as a marina, beach, picnic area, miniature golf course, ice cream stand, wildlife observation trails and boardwalks; and 3) protect the wetland resource.

A major impediment to the development of the Fort Montgomery site is the cost to Mr. Podd of preparing an Environmental Impact Statement. That cost is estimated to be $200,000 to $300,000.

"The government has stolen my property by stopping me from building...If the government wants to control it, they should buy it. We need a more cooperative approach. I want to put something back into this community and they won't let me. Tell me what I can do."

Several key informants would like to see some development associated with Fort Montgomery, preferably development that would recognize and utilize its historic significance. However, given that neither the Town nor the Villages can afford to undertake this development themselves, they need to capture the opportunities to secure public access that can be provided by developers such as Mr. Podd. The web of bureaucratic requirements, delays, and lack of clarity from agencies outside the community which have surrounded past efforts to develop the Fort Montgomery site are an illustration of the ways in which existing regulation can prevent meaningful economic development. They are also a clear illustration of the manner in which the existing regulatory framework penalizes developers who want to "do it right" by trying to follow the rules. Victor Podd, President of Powertex, has said, "What we need is a master plan of the whole lake - a 5, 10, 15, 20 year plan."

A cooperative effort to define the parameters for permissible development at the Fort Montgomery site, such as the one being attempted now, could be aided by a clear vision of lakewide development parameters. Any additional regulation that will effect development activity ought to be structured in such a way as to reward, not penalize, developers who will work to achieve environmental sensitivity and appropriate public access. One possible option, in addition to town credits would be state and/or federal tax or investment credits that recognize investment in environmental infrastructure.

Pliny Moore, a veteran of the Revolutionary War, led the first settlers to Champlain in 1788. A replica of his home now stands in the location of the original. A statue of explorer Samuel de Champlain is located on the grounds of St. Mary's Church.

In addition to these sites of historic interest, the John Putnam Ross Memorial Collection, housed at the Dodge Memorial Library in Rouses Point contains over 600 books on the social history of Lake Champlain and its communities. The private collection, open by appointment only, is a unique and valuable historic asset to the community and the region.

Education and Cultural Events

Education and Water Quality

Discussions with principals at the schools in Champlain revealed no programs which utilize the lake or other local water resources as an educational resource. Transportation time and expense of running programs involving field work were cited as two major obstacles. Students do participate in a day long workshop run through the Miner Institute on conservation and 6th graders participate in the Lake Claire outdoor nature program.

Cultural Events

There are two main cultural events in the Town of Champlain designed to attract tourists. The Winter Festival includes lake related activities such as ice-fishing and snowmobile races on the lake. The 4th of July Festival features fireworks over the lake from Sportsmens' Pier, a major attraction for boaters as well as landed spectators.

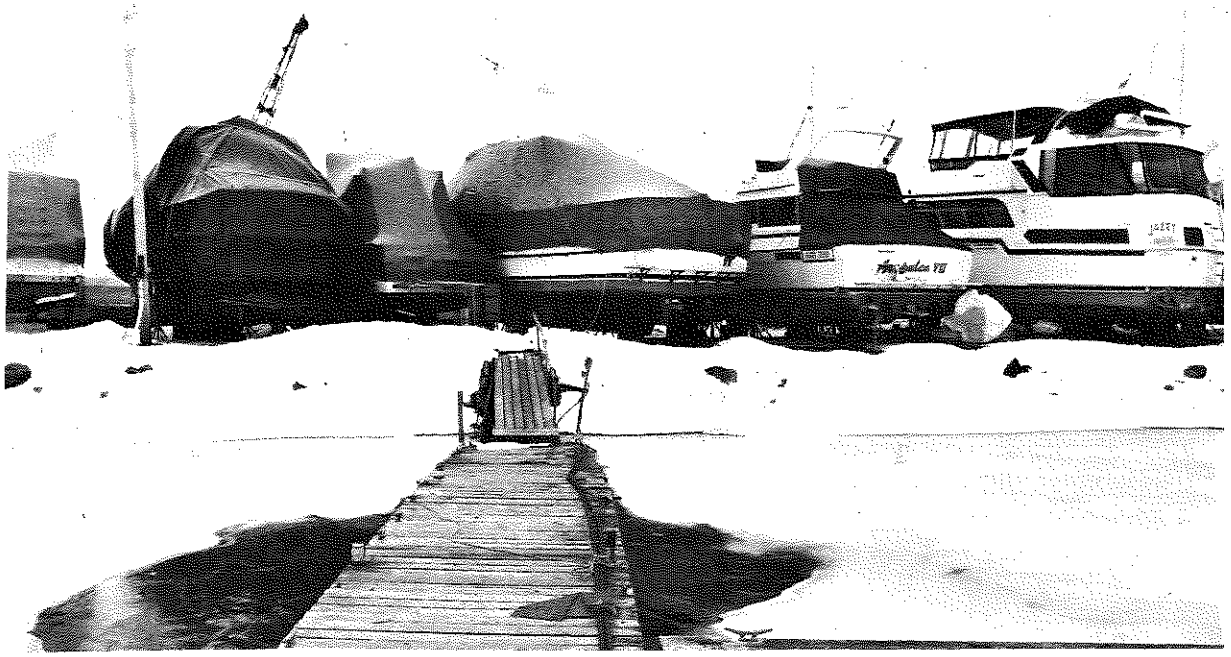
Chamber of Commerce members expressed interest in developing a festival which would simultaneously focus attention on the lake and the Town's French Canadian heritage. The 1000 Islands area of New York has had a successful festival of this sort for many years.

BOATING IN THE TOWN OF CHAMPLAIN

The boating season in Rouses Point starts about mid-April if the weather is good, and runs through the early fall. The heavy traffic from Canada usually begins around Victoria Day weekend in late May. After that, July and August are the busiest months. Traffic tapers to weekends once school starts in September. During the summer months the population of Rouses Point reportedly swells from 2,300 to 6,000. Locals complain they can't find a parking spot on Lake Street in the summer -- what they may not realize is the impact this seasonal activity has the town's economy.

> "You have to make money in the summer and bank it because in the winter you lose."

There are approximately 400 boat slips along the shoreline in Rouses Point and approximately 100 additional slips along the Great Chazy River in Coopersville.[21] The clientele of the two largest marinas, Gaines Marina and Lighthouse Point Marina, is 99% Canadian.[22] The two largest marinas contain approximately 340 slips. The 60 slips at Barcomb's Marina and others along the river are used primarily by local owners of smaller boats. The Canadians who use the marinas are generally wealthy young business people from Montreal who buy and keep their boats in the United States. These boats may represent "hidden assets". Many of them never cross the border into Canada. "Canadian boat owners are a different class of people." Boating in Lake Champlain is preferred to boating in and around the St. Lawrence seaway due to the absence of commercial shipping traffic and related congestion.



[21] Apparently many of the river slips haven't been used in recent years due to lack of demand. Lack of demand may be tied to the need for dredging near the mouth of the river to permit better access.

[22] Boat traffic has not always been dominated by Canadians. Gaines Marina, in operation at its current location since 1958, primarily served American boaters traveling through the canal system from New York City to Lake Champlain until the 1970s when a combination of factors including a mercury scare and a change in the law regulating sewage disposal from boats discouraged traffic from downstate. Today the canal system would be too small for boats longer than 54 feet. Little if anything has been done in recent years to draw downstate boaters back to Rouses Point.

Canadians pay $52 - $58.50 per foot for summer use and $64 - $66.50 per foot year around to store their boats at the marinas. The average boat length is 30 feet. Estimated earnings from dockage and storage fees is $612,000 assuming half the boats are stored year around and half are seasonal.

Each of the two large marinas employ local residents both year around and during the summer. Year around employment is estimated at 6 to 8 and seasonal employment is an additional 30. Marinas also contribute to approximately 2.5 million dollars to the town's tax base.

Canadian boat owners who keep their boats in Rouses Point estimate they spend approximately $10,000 per boat per year including food, fuel, docking fees, etc. In addition to consumables, boaters also buy refrigerators, stoves and microwaves for their boats. If this estimate is correct, the Canadian "boat people" are collectively pumping approximately 3.4 million dollars into the local economy each year. Stores like Grand Union cater to the boaters by allowing them to take grocery carts to the boats. Gaines marina offers to have its dock boys pick up groceries for boat owners. Sandy's Deli will deliver pizza to the boats.

Canadians who keep boats in the Rouses Point marinas drive their cars to the boats and use their cars to go shopping, especially when the weather is inclement. They may go as far away as Plattsburgh and Burlington, or they may patronize the stores available in the strip mall in Champlain Village.

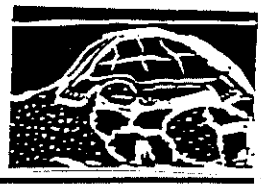
In addition to the boats that rent space at the two marinas, as many as 250 boats per day at Gaines and 60 boats per day at Lighthouse Point stop for customs and immigration inspection and/or fuel at the height of the season. This includes traffic heading in both directions on the lake. This amounts to as many as 6,000 to 8,000 transitory boats per season. An estimated 75% of boaters stopping at Gaines or Lighthouse for customs inspection get off the boat and spend money. Marina owners estimate the transitory boaters spend between $50 and $100 per stop on fuel, groceries, liquor, incidentals, marina supplies, repairs, and meals. Using the conservative $50 estimate (not much if you assume an average of 3 people per boat), the transitory boaters pump an estimated $262,500 (75% of 7,000 x $50) into the local economy.

Generally speaking, the largest boats are those kept at the marinas. Transitory boats tend to be smaller. The transitory boats tend to be Canadian owned but U.S. registered. Only approximately 15-20% of all boats inspected by U.S. Customs and Immigration are not registered in the United States. Many of the boats registered in Canada are registered as corporate assets. Boats that stay in U.S. waters are not subject to inspection.

Boaters from Canada plan on gassing up in Rouses Point because fuel is so much cheaper. Both Gaines and Lighthouse Point sell fuel to boaters. Lighthouse Point pumps around 200,000 gallons of boat fuel a season at $1.79 a gallon. Fuel sales alone account for 25% of gross revenues at Lighthouse Point and close to 60% at Gaines. At Gaines, the remainder of marina revenue comes from dockage and storage fees while at Lighthouse point it is divided evenly between dockage and storage, boat repair, and the restaurant.[23]

Ninety-five percent of the restaurant clientele at Lighthouse Point are boaters. The Anchorage Restaurant also does a large dinner trade with the Canadian boaters and a large breakfast trade on weekends. The Anchorage Hotel rents an estimated 20 - 25 rooms per week or 7% of total to boaters and friends of boaters during the boating season.

[23] Gaines also operates a service station. Approximately 10% of service station revenue is from boat owners buying gasoline for their cars.



Canadian boat crossings have been down in the last couple of seasons due to bad weather, unfavorable exchange rates and a weak Canadian economy. These combined effects, along with the opening of two new marinas (500 new slips) closer to Plattsburgh, have had a negative impact on the two largest marina businesses and, by extension, on the Rouses Point economy.

Between 1980 and 1990, boat crossings at Rouses Point increased from 8,094 persons to 29,690 persons. In 1992, 21,790 persons crossed the border by boat. The percentage of Canadians crossing has increased from 94% in 1980 to 98% in 1990 and 97% in 1992. Assuming an average of 3.6 persons per boat,[24] there were approximately 5,890 Canadian boats that crossed the border in 1992, down from 8,059 in 1990.

In 1992 approximately 6000 I-68 permits were issued allowing 6000 individuals to cross the border in a boat of their choice without stopping for inspection. The I-68 program is for boats that weigh less than 5 net tons, taking trips of less than 48 hours duration into the United States. In addition, there are about 5,000 water craft registered in Clinton County.[25]The boat crossing figures in the paragraph above underestimate the total amount of boat traffic since they do not include boats that never leave U.S. waters or boats carrying individuals who hold I-68 permits from Customs and Immigration. They also do not include boaters who use the area's various boat launch facilities.

Three trends identified by NYSDEC may have additional impact on boat numbers over time. These are: 1) transient docks to allow people to travel from dock to dock;[26] 2) increased dry storage for smaller boats to expand marina capacity; and 3)"dockaminiums" allowing boat owners to buy their slips. The legal implications of "dockaminiums" is unclear since the water itself is publicly owned, nonetheless, marinas are apparently looking to move in this direction. None of these trends is yet apparent in the Town of Champlain.

Regulation of Marinas

The NYSDEC has no regulatory control over mooring buoys or floating docks in Lake Champlain which is a federally controlled waterway. The Army Corps of Engineers has jurisdiction over the Lake and the navigable portion of the Great Chazy River up to the first barrier. NYSDEC does regulate shoreline work, including fill and riprap, and breakwater maintenance.

Regulation of Boat Traffic

An agreement has been in place between U.S. Customs and Immigration since 1959 under which Immigration inspects all boats that report at either Gaines or Lighthouse Point. Signs at Fort Montgomery and at Lighthouse Point Marina notify boaters of their duty to report for inspection upon crossing into the United States. The Border Patrol monitors boats that do not report. The Clinton County Sheriff's office patrols the lake for health and safety violations including speeding, improperly capped sewage lines and lack of personal floatation devices. The New York State Police also patrol the lake. The U.S. Coast Guard provides emergency assistance.

Most of the violations handled by the Town of Champlain and its villages are submitted by the County Sheriff with a few submitted by the NYS Police Patrol. One hundred and thirty tickets were issued to boaters by the Village of Rouses Point in 1992. The majority of violations are for speeding, bow-riding, reckless operation, and operating while intoxicated. The Village of Rouses Point issued its first tickets for sewage dumping last year

[24] Holmes et al, Draft Socio-Economic Profile of the Lake Champlain Basin, March 1, 1993, p.4-37.
[25] Burdeau, Muriel, "Law Enforcement", Strictly Business Magazine, August 1992, p.12.
[26] Currently, transient use is down so much in Rouses Point that both large marinas no longer reserve space for transients.

and discovered the maximum fine for littering on the lake (considered a violation) was $250 while the maximum fine for dumping noxious wastes (a misdemeanor) was $100. There are also differences in the law, as well as differences in enforcement capacity, between New York and Vermont which upset some boaters. The impression among Champlain enforcers is that New York devotes more resources to enforcement than Vermont.

The U.S. Coast Guard also collects a U.S. Recreational Vessel Fee of $25 and up depending on the size of the vessel, for users of Lake Champlain. Marina owners are expected to assist in collection of this fee but have no clear idea of how this money is being used and whether its use is in any way tied to improving the recreational potential of Lake Champlain. Marina owners are concerned that additional fees, particularly in the absence of clarity and accountability in their use, will simply annoy and discourage their clientele.

> "People feel everybody should be charged to use the lake. It creates an ill will and takes money out of the community."

Even with all these agencies involved, it remains difficult to detect violations ranging from failure to report for inspection to speeding. When asked about the potential impact of a cap on boats on the lake, Richard McCabe of U.S. Immigration and Naturalization Service (INS) who oversees boat inspection activities commented, "I don't know if restrictions on the number of boats would be viable. How would you enforce it? It would be too expensive to enforce. I don't think the lake is overutilized right now." Residents of Vermont and New York lake communities agree - only a third think there are too many boats on Lake Champlain.[27]

Clifford Wray of the Department of Environmental Conservation observed, "If you compare Lake Champlain with other waterways, it's not crowded." However, a recent recreation study completed for the Lake Champlain Basin Program has noted concern for crowding in specific high use portions of the Lake.

Boat Launches

In addition to the marinas, there are several boat launch facilities in the Town, including three in the Village of Rouses Point. The Sportsmen Club, next to the old municipal sewage treatment plant, offers a boat launch facility to over 500 members, 95% of whom are local residents. The Village of Rouses Point has two small facilities, one developed in 1991.

The boat launch that reportedly receives the most use by both local residents and visitors is the state boat launch in Coopersville. This launch was originally built in 1966 and renovated in 1985 under the auspices of the Greater Adirondack RC&D Council. In 1985, the Press Republican reported, "When the project (renovation) is done, use of the boat launch is expected to increase by at least 33 percent, to over 9,300 recreational users a year."[28] The renovation reportedly cost New York State $270,000. Actual usage was dramatically greater than projected. Recent figures show 39,000 people used the Coopersville facility in 1991-1992, down from a high of 66,000 in 1989-1990[29] It is difficult to estimate the proportion of Town of Champlain resident to non--resident use of the boat launches.

[27] NYSORRHP, Lake Champlain Resident Survey, Frequency Data, supplied by Kelly J. Weaver, 1993.
[28] Manor, Steve, Press Republican, 7/31/85, p. 15.
[29] Holmes, et al.,p.4-32.

A public access user survey of the Chazy Boat Landing, conducted by the New York State Office of Parks, Recreation and Historic Preservation (NYSOPRHP) in 1992-93 found mean expenditures for boaters at the Lake of $90 for groceries, beverages & ice; $51 for boat gasoline and oil; $45 for restaurant and bar; and $16 for fishing tackle/bait per trip. Not all users reported purchases during their trip. For example, only 31% purchased boat gasoline and oil, 25% groceries, beverages and ice, 19% fishing tackle/bait and 11% restaurant and bar. Fewer than five percent paid rental fees, parking & boat launching (free at the site), and lodging. Eighty-seven percent of users surveyed were on single day trips. Over half the users indicated they use the boat launch more than 10 days per year.

When the Village of Rouses Point was considering developing a new boat launch, the state apparently offered to put one in if the Village would pay to maintain it. As reported in the Press Republican on September 19, 1990, "A majority of the board members were opposed to the DEC's proposal to develop a $200,000 to $300,000, two landing boat launch with two parking lots... The project was much more extensive and expensive than what the village wanted and, "if and when the state could come up with the cash to build it there would probably be strings attached" and the state in the future could very well start charging user fees at its boat launches." Another concern was the time it would take to complete the project if the state was involved. These concerns: expense, "strings", fees, and time also apply to federally sponsored projects.

Instead the Village installed its own boat launch for just under $13,000. The Village boat launch serves boats up to about 16 feet in length. According to local users of the facility, parking and room to maneuver is often a problem. The area around the marinas on Montgomery Street is often overparked by Canadians. The Village, thus far, has not been willing to address the parking problem adequately in the view of several key respondents. Also, the location of the launch in between the marinas may discourage relatively inexperienced boaters from launching there.

Despite any limitations to existing boat launches, these represent the most developed form of public access to the lake and river in the Town of Champlain. Unfortunately, they are of no use to those who do not have access to a boat, which includes many retirees on fixed incomes.

> "Retired people can't afford to boat -- they're on a fixed income. Every time the government makes more facilities it increases our taxes. It dosen't benefit retired people."

Unmet Demand for Boating

Motel owners and others report numerous requests by visitors for rental boats and access to boating activities. There are currently no such facilities available in the Town of Champlain. When asked to name water-related economic development opportunities for the Town, members of the

Northern Tier Chamber of Commerce mentioned boat rentals, peddleboats, boat tours, boat races, sculling on the river, canoe races on the river, jet ski rental, parasailing and charter boats as all having potential to meet resident and visitor demand.

Motel owners who have looked into providing boat rentals have found the cost of insurance prohibitive ("insurance costs more than the boats") and the investment too great for the length of the season. There is also a hassle factor due to the need to take docks out of the water each season to prevent damage from the winds and ice. However, these apparent obstacles to investment have been successfully overcome on other parts of the lake. If the area is to capitalize on its location on the lake and river, ways will need to be found to enable people other than boat owners to have access to the water.

Boating and Water Quality

One of the main concerns about the impact of boaters on the lake has to do with discharge of sewage from boats. The two major marinas each have licensed pump out facilities used by docked boats and transitory boats for a fee. Lighthouse Marina also rents port-a-potties. Their facilities are then pumped into the Village of Rouses Point sewage treatment plant. To the extent there is a problem with sewage from boats, it seems to be coming not from the large Canadian vessels but from smaller vessels reported to be going from the river into the lake to dump sewage in deeper water. This is, of course, difficult to document and its extent is unknown. In a recent survey conducted by NYSOPRHP of Lake Champlain residents in Vermont and New York, 54% agreed more pump out facilities are needed on Lake Champlain.

Another concern is with oil and gas leaks from boats. The Emergency Response Program of NYSDEC has a contingency plan for responding to oil spills. Any amount of petroleum product spilled into the lake must, by law, be reported immediately. There is no minimum reportable quantity. Technically, failure to report even a drop of oil may generate fines of up to $25,000 per occurrence. Business people, including marina owners, are covered by this law. People swim around their boats at Lighthouse Point and do not report fouled water.

Boats at the two marinas now use an antifreeze product that is non-toxic. Marina owners make sure boats are commissioned (lines cleaned out, fluids topped up) before they launch so there's no antifreeze going into the lake. Boaters themselves are reported to be more environmentally conscious than they used to be. For example, they are asking for and using biodegradable soap products, and leaving more of their boat garbage in bags at the docks than ever before.

"They're being more careful than they used to be."

"All these committees start out on the right foot but they look at marinas as the culprit for all the sins of the lake."

Marinas are highly visible, as are the boaters they serve, so they are easy targets for regulation. While no studies exist to prove this, it seems likely the impact of failing stationery septic systems, stormwater infiltration, highway run-off and agricultural pollutants far outweigh the negative environmental impact of boats and boaters.

"We're hoping we won't be over-regulated. It kills business, no doubt about it. People are getting more accustomed to keeping the lake clean. You won't ever get 100%."

"People can be educated about what to do but not regulated. Who should pay to educate them? The Lake Champlain Basin Program!"

RETAIL TRADE

Retail trade showed the greatest absolute increase in employment between 1980 and 1990 and ranks second at 714 in the total number of employees. The 69% increase in jobs in retail trade appears to be largely a function of increased Canadian spending. Canadian spending rises and falls with the economy and the exchange rate. Recent decreases in border crossings are attributed to Quebec's new "buy at home" campaign, new laws allowing stores in Canada to stay open on Sunday, and worsening of the exchange rate. The more even the exchange rate, the more trips are made across the border. When the rate moves against Canada, Canadians make fewer trips into the United States but tend to stay longer. The weather also has a definite effect on border crossings.

There are three border crossings into the Town of Champlain, one on highway 87, one on route 276 and one in Rouses Point. Approximately 2 1/2 million people per year cross into the Town. Champlain takes in 1.7 million people and Rouses Point and Route 276 take in 400,000 people each.

The Immigration Service estimates that at the Rouses Point and Route 276 crossings, 50% of the traffic is camp owners traveling to camps in Vermont and New York, 40% is people crossing the border to shop in either Champlain or Plattsburgh, and 10% is commuters traveling to work. At the Champlain crossing, an estimated 40% are local shoppers, 10% are commuters and the remaining 50% are heading to Albany and points south.

Fully half the annual border traffic occurs between St. John Baptiste Day in June and mid-August. A large percentage of this traffic appears to be tied in one way or another to lake use and, based on the response of businesses in the Town, it results in a significant portion of local retail sales. Most business owners, while able to estimate Canadian versus local or U.S. non-local sales, were less able to distinguish lake-related sales unless these were directly tied to their business, e.g. marinas. Canadian sales are an imperfect proxy measure of lake dependency since not all Canadian shoppers use the lake and shoppers who are not Canadian do come to Champlain for lake or river related reasons. However, the high degree of dependence on Canadian consumers, whether lake related or not, suggests significant potential vulnerability in the local economy.

The list below indicates the range of dependency on lake-related visitors of retail and service businesses in the Town of Champlain as identified by business owners.

Percentage of Annual Gross Sales from Lake-Related Visitors	Type of Business
100%	marinas
100%	boat supply store
70%	liquor store
50%	furrier
40%	restaurants
35%	motel
25%	bar
25%	hardware stores
25%	auto repair
18%	laundry
15%	mini-marts
10%	motel
10%	pharmacy
8%	telephone company
5%	development corp.
5%	insurance agency
1%	graphic design

Annual percentages disguise the seasonality of most lake-related businesses. Revenues from lake-related clients may be as high as 50 -75% during the summer, dropping to yield an average of, for example, 30% over the entire year. During the summer season, the demand facing restaurants and motels in particular usually exceeds the supply. Off season though, these establishments are rarely filled to capacity.

The majority of businesses represented above are in the Village of Rouses Point or on Route 11 between Rouses Point and the Village of Champlain. Not all business respondents were able to estimate the percentage of annual gross revenues from lake-related visitors but most were able to estimate the percentage of annual gross revenues from Canadians versus local people. Those estimates are presented below:

Percentage of Annual Gross Revenues from Canadian Customers	Type of Business
98%	marinas
95%	customs brokers
95%	delivery service
90%	development corp.
90%	motel
80%	customs broker
70%	liquor
70%	mini-mart
70%	discount store
60%	department store
60%	bank
50%	farm equipment
40%	telephone company
40%	gas station
40%	restaurant
40%	auto parts
25%	antique store
25%	printing
25%	machine shop
15%	attorney
10%	restaurant
6%	laundry
3-5%	insurance agencies

This list indicates a very high level of dependency on Canadian spending among locally owned service and retail businesses (and a few manufacturers) which, coupled with a high dependency on attraction of Canadian businesses for industrial growth and existing Canadian-owned businesses for tax revenues and employment leaves the economy of Champlain extremely vulnerable to any dislocations in trade relations between theUnited States and Canada.

"Take away Montreal and we are a small community stuck at the end of the state."

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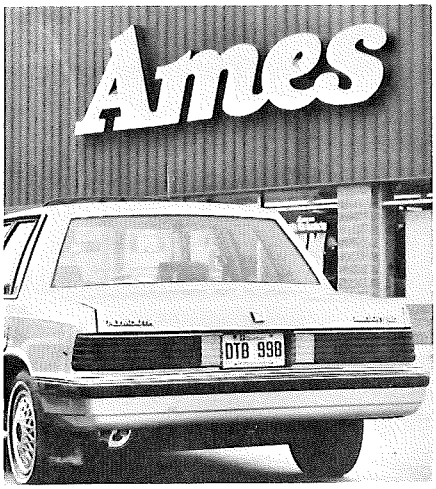


The degree to which different types of businesses depend on spending by the local population is indicated below:

Percentage of Annual Gross Sales from Local Customers	Type of Business
100%	auto parts
100%	auto sales
99%	plant nursery
95%	graphic design
95%	insurance agencies
85%	dental services
80%	trailer park
80%	attorney
80%	pharmacies
80%	restaurant
80%	hardware store
75%	printing press
75%	bar
75%	gas station
65%	machine shop
60%	auto parts
50%	farm equipment
50%	hardware store
40%	mini-mart
40%	antique store
40%	bank
20%	liquor store
5%	development corp.

The businesses listed above would potentially benefit more from a development strategy that encourages residential growth than from a tourist attraction strategy.

Some businesses also have significant dependence on Vermont customers, shoppers from Plattsburgh, non-local American recreators and/or employees of local companies who live outside the community. Percentages range from a high of 85% for an antique store to a low of 5% for a hardware store. Most are in the 10% range.

When asked "How important are visitors from out of town to your business?", 28% of business owners said, "Extremely important", 30% said "Very Important", 15% said "Somewhat Important" and only 26% said "Not Important". Based on these responses, we have estimated 15% of retail sales overall could be considered lake-related in the Town of Champlain. In our opinion this is a conservative estimate. Unfortunately, available data does not permit us to estimate a corresponding dollar figure.

Outlet Mall

A new factory outlet mall is currently under construction at the intersection of routes 11 and 87 in the Town of Champlain. It is the first U.S. mall project of an American company called Miromar that owns two similar malls in Canada. The outlet mall will be the second largest retail store in Clinton County. The initial investment in the mall will be over 7 million dollars for phase one. Phase one will offer 125,000 square feet of retail space to an estimated 40 stores which are expected to provide 160 jobs. Phase two calls for a doubling of the number of stores and jobs and an additional 6 million dollar investment. Phase three will add another twenty stores, eighty jobs, and cost 4 million dollars. Approximately 30 maintenance jobs will also be created as well as additional jobs in construction.

Many people interviewed identified the mall as evidence of the area's growing economy.

> "I think the outlet mall will be crazy. I defintely think it will be a success."

Many are also anticipating a variety of spin-offs from the mall such as development of hotel and motel facilities and additional recreational facilities to entertain children while their parents shop. A proposal made by Canadian business people for a go-cart facility has recently been turned down by the Town, but more of this sort of activity is expected. Brian Waxler of Pomerleau Real Estate, owner of the strip mall on Route 11, expects "his tenants will do better than ever. Canadians leaving the highway to shop at the factory outlet mall will find it simple to visit the established plaza just a few miles away."[30]

Marina operators also feel the mall will have a positive impact on their business since their clientele are shoppers. Others see opportunities to link the mall traffic with the lake but there is no public effort underway to make this a reality. The problem is access. Just as local people who do not own boats have no real access to the lake, there is no real access for visitors either. Nor does the Village of Rouses Point offer many recreational activities to the public. In fact, there is not even a place to pull off the road, enjoy a view of the lake and have a picnic!
Without greater investment in waterfront and water-related amenities and recreational businesses, it is unlikely the Town will be able to attract and retain mall shoppers' dollars at the lake end of town.

Many ideas exist as to the types of development that might link the lake and river to economic development already underway. The most frequently mentioned lake development opportunities are:

1) Develop Fort Montgomery as a historical site with marina, wildlife/wetland boardwalk, picnic area, etc.

2) Upgrade facades in Rouses Point and reorient businesses toward Lake Champlain

3) Develop a beach area to the south of Rouses Point

4) Provide access to the lake through: rentals, boat tours, fishing charters, etc.

5) Organize more festivals and events geared to the lake

River development also has potential through such actions as:

1) making the river navigable from the lake to the Village of Champlain as in the old days

2) boat races and rentals on the river

3) improved access for fishing on the river

4) developing The Fly as a wetland/wildlife watching and possibly hunting area.

There is little doubt the outlet mall will bring increasing numbers of people to the Town of Champlain. The development challenge is to extend their stay and maximize the local economic benefits of their visit. Further development of the river, wetlands and lake as recreational resources could be a very important part of this strategy.

[30] Moore, Suzanne, "Retail Rush at Champlain Plaza", Strictly Business Magazine, December 1992, p. 15.

Plans to Revitalize the Village of Champlain

The downtown area of the Village of Champlain is depressed. Once commercial properties have evolved back into residences, mostly for limited income families. Remaining businesses and bars serve mostly a local clientele. Visitors have little reason to pass through downtown Champlain.

Two main ideas for revitalizing the Village of Champlain have surfaced as a result of this work. The first is to make better use of the riverfront area in the Village, provide improved public access and amenities and hold activities related to the river.The second is to turn the Village itself into an antique center for the North Country by attracting a variety of antique shops and related services.

Since the downtown area cannot compete with the strip mall and now the factory outlet mall, it will need to find a specialized niche in order to survive. With a limited local population to draw on, that niche should serve a mix of locals and visitors if it is intended to lead to growth.

These two ideas, a village antique center and a revitalized riverfront, could combine to be mutually reinforcing.The Village of Champlain has recently applied for a HUD grant to fund downtown revitalization including housing rehabilitation and repairs to storm sewers, streets and sidewalks. This is an important step. However, without a planning process that will lead to consensus over the role of downtown Champlain in the town's future, and a mechanism for finding and allocating resources to its further development, the full benefits of downtown revitalization may not be realized.

GOVERNMENT

Government employment is the third most significant employment category after manufacturing of non-durables and retail trade. In 1990 there were 271 local government works, 282 state government workers and 198 federal government workers living in Champlain. Of the jobs in Champlain, 395 were in public administration with another 344 in educational services. Teachers and government workers represent another significant source of stability for the local economy. Due to its border location, Champlain has an unusually large number of federal jobs at the Border Patrol and U.S. Customs and Immigration. The Town also has its own elementary school and combined middle and high school as well as a relatively large parochial school.

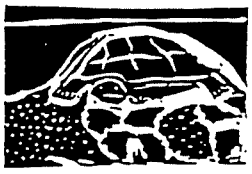
AGRICULTURE

Agriculture is still the predominant land use in the Town of Champlain outside the Villages. A sizable portion of lake and riverfront land is in agriculture. Its future is important to the economic and fiscal health of Champlain.

Farms

According to the Soil Conservation Service which has recently completed a detailed survey of the area, there are 46 farms in the Town of Champlain; 42 dairy farms, 3 beef farms and 1 sheep farm. Several of the farms classified as dairies no longer have cows and produce cash grains. There is also a nursery. In addition to the farms themselves, a number of businesses in the area exist to serve the farm community including two farm machinery suppliers in the Town of Champlain.

In 1980, 170 persons in the Town of Champlain were listed by the U.S. Census of Population as working in agriculture, forestry and fisheries. By 1990, this number had fallen by 22% to 129 reflecting the decreased number of farms. The majority of these persons were employed in agriculture as there is no commercial forestry within the town and only a limited amount of employment in commercial fishing. This number represents 5% of the all employed persons, well above the national average of 2%.



Dairy farms in Champlain are larger than the county average, ranging from 70 to 300 cows. Dairy farms bring an estimated $5.3 million per year of revenue into the community by exporting milk. This figure equals 16% of county milk receipts as reported by the 1987 Census of Agriculture and may be conservative since Champlain's farms are larger than the county average. According to agricultural district review profiles, in 1989 and 1987 respectively, there were 16 farms in the community with gross sales over $200,000 and 25 farms with total capital investments in land, buildings, livestock, trees, etc. of over $100,000 over the past seven years.

Long Term Viability of Agriculture

The trend in Champlain, as elsewhere in the Northeast, has been toward declining farm numbers and increased consolidation of farmland holdings. In 1968 a statewide study of air photos indicated 73% of the town's land area was in farms, today that figure is estimated at 64% or 20,836 acres. A reduction in agricultural land of only 9% over 25 years shows remarkable stability. The majority of today's farms are considered by the Extension Service, ASCS and SCS to be viable commercial operations with a promising future. Expectations are that 75% of today's farms will still be in operation in ten years and will have expanded to utilize much of the land of farms going out of business.

Many existing farms are on soils in the lake plain identified as "farmland of statewide importance" by the SCS. The areas of town which have shown the least farm abandonment are the Perry Mills area west of the Village of Champlain, and the flats near Lake Champlain and the Great Chazy River. Both are areas with superior soils.[31]

The water resource of Champlain is not currently being utilized for irrigation purposes. If, in addition to the continuance of dairy farming, high value crop production were to move into the area to utilize the excellent soil resources, the capacity to irrigate would be an additional attraction. As water becomes scarcer and more expensive in the western United States, agricultural experts anticipate the east will regain some comparative advantage in the production of high value crops.

> "In Champlain there's a wonderful age group for farmers. Sons are coming in behind their fathers. Young sons are assuming responsibility. There's concern among farmers for their own actions. We are starting to see better farmers."

Agricultural Districts

There are two agricultural districts in the Town of Champlain, District #1 and District #9. District #1 was created in 1973 and modified in 1989. District #9, the larger of the two, was created in 1987. There are approximately 21,044 total combined acres in agricultural districts of which 20,836 acres or 99% of the districted land is in farms. The primary benefit to farms of being within the district has been their ability to "obtain land assessment exemption without severity of the penalties that would have been imposed under individual commitment."

Property Value Contribution

In 1992 there were no agricultural parcels in the Village of Rouses Point, 2 parcels in the Village of Champlain, and 114 parcels outside of the villages in the Town. Of these, 49 parcels or 42% were classified as vacant agricultural land. The combined value of all agricultural parcels was $13,847,339 which comprised 5.7% of the total tax role of the Town inclusive of the two villages.

[31] Lamb, Richard, et al, Town of Champlain Comprehensive Land Use Plan, Part I:Background Information and Analysis, 1992, p.31.

The average assessed value per agricultural parcel increased by 41.4% between 1989 and 1992. This is approximately the same rate of increase as in residential parcels over the same period during which all town parcels were reassessed.

Parcelization of Agricultural Land

There are six farms along the lakeshore in Champlain. Of these, four have already subdivided and/or sold lake and/or river frontage. Other farmers are seeking high prices, as much as $40,000 an acre, for farmland adjacent to the interchange of Route 11 and 87 or along the Route 11 corridor between the Village of Champlain and the Village of Rouses Point. These appear to be the areas under greatest development pressure. None of these areas, with the exception of the Route 11/87 interchange, is currently served by public water or sewer.

There are ten dairy farms and one sheep farm along or within a quarter mile of the Great Chazy River.

Water-Related Issues

In many communities along the lakeshore, farms have become associated with the concept of non-point source pollution and Champlain is no exception. Key informants and survey respondents expressed concern about the impact of farming on the water resource. Erosion, sedimentation, and chemical and waste run-off are all issues of concern yet the general public lacks real information about farm practices, farm programs, and water-related impacts.

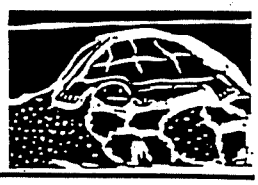
Erosion

Only 5% of the soils in the county are considered Highly Erodible Land (HEL). Highly erodible soils are those likely to erode at a rate exceeding 3 tons per acre per year. In Champlain while there are some erodible soils, there are generally not the steep slopes that make erosion a serious problem. However, there are steeper slopes on farms in other towns in the Great Chazy watershed. There is some indication that erosion from these farms may be contributing to water quality problems in Champlain (see below).

Chemical and waste run-off from cropland is directly related to soil erosion. In 1978, the ASCS identified 2,550 acres in the Great Chazy watershed that needed specific treatment to reduce erosion, today that figure is less than 800 acres due to a combination of reduced tillage, residue management and integrated crop management. All pastureland in the watershed is considered to be adequately treated. Pasturing of dairy cows is being replaced by confinement so there are fewer animals watering in streams than ever before. In fact, agricultural service professionals indicate farmers have sought government assistance to install alternative watering systems to avoid having their animals drink "unhealthy water" from the Chazy River or streams.

> "Farmers are doing a much better job of managing their resource now than in 1980. They're headed in the right direction."

Waste run-off in Champlain is more likely to be coming from barnyards than from pasture or cropland, according to agricultural specialists. Barnyard improvements, including manure storage facilities and new equipment required to spread and manage stored manure, can easily cost farmers $2,000 or more per cow, even with cost-sharing by the federal government. This is because the government can only cover costs associated with construction of a manure storage facility and transfer system. Farmers who adopt a new system must pay for all the equipment upgrades, including new larger tractors, spreading units and portable unloading pumps required to spread the volume of contained manure in a shorter time frame under



the new system. They must also pay at least 25% of the cost of sharable components. Farmers who assume a debt load to cover the cost of manure storage may find themselves unable to borrow to cover their operating costs. Despite these high costs, two facilities are currently under construction in Champlain and six more are under consideration. Manure storage does not pay for itself in reduced fertilizer costs - it cannot be amortized based on nutrient savings. Manure storage represents a straight and substantial capital outlay for the farmer.

"The best thing you could do for pollution control is give dairy farmers a better price for their milk -- then they'll invest in the infrastructure themselves."

The impact of manure storage facilities on water quality is, itself controversial. The results of an intensive Best Management Practices program in St. Albans Bay in which many farms installed manure storage, was unable to document significant reductions in phosphorous loading after ten years. Further, no studies to date have successfully differentiated the contribution of agricultural from other non-point pollution sources in Lake Champlain. Studies have shown the New York contribution to phosphorous loading, in particular, is significantly less than the contribution from Vermont, and (using a kilograms/hectare/year measure) from several Canadian rivers.

Farmers in Clinton County, including several in Champlain are actively involved in an integrated crop management program which involves regular soil testing and nutrient sampling of manure to maximize its nutrient contribution to crop growth and minimize use of commercial fertilizer. As a result of more careful manure applications, they are finding a need to apply more phosphorous but less nitrogen than before.

Stored manure must eventually be spread. If all farmers were to spread in the spring and a storm hit before the manure was plowed under, the aggregate impact could be worse than the current practice of winter spreading. Specialists now think winter spreading is adequate as long as the manure comes in contract with the soil and doesn't sit on top of a deep snow layer. The ideal seems to be a mix of spreading practices within a given watershed.

Any additional positive impact on water quality from farming will be a result of a combination of infrastructural and behavioral changes. Clinton County has been fortunate to receive $800,000 in 19992-93 to fund special projects related to resource conservation. This is in addition to the estimated $60,000 already available. Over 50% of the farmers who want to move forward with conservation measures are in the Town of Champlain. ASCS estimates 40-50% of the $800,000 may be spent in Champlain. Some of this money will be spent on the Water Quality Incentive Program started in 1992. The program involves scouting, soil testing, manure testing, and implementation of up to 25 different management changes on the farm. Six Champlain farms are currently involved in the program, investing considerable time and resources in achieving improvements in farming efficiency and water quality.

"(Unlike Vermont) We're at the infancy stage of having the right amount of money to do the right practices."

Federal and state agricultural agencies are trying to place the emphasis on assisting farmers in changing their behavior to avoid costly infrastructure investments wherever possible recognizing that in certain cases, e.g where herds are large, land is highly erodible or slopes are steep, manure storage may be the best option.

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The alternatives to maintaining land in agriculture are either land abandonment (unlikely on the good soils) or development. The potential contribution of development to water quality problems, particularly in the absence of centralized water and sewer may well be greater than the current adverse impacts of agriculture.

Wetlands

Agricultural wetlands have been protected since the Farm Act of 1985. In order to keep farms eligible for USDA programs including cost-sharing, farmers must comply with wetlands rules and regulations. This begins with on-farm identification and mapping of all wetlands, including those on leased land and woodland. Farmers have an incentive to keep their farms eligible for USDA programs both for themselves and because it increases the sale value of the farm. Ninety percent of the farms in Champlain have voluntarily complied with federal regulations regarding wetlands.

NYSDEC Priority Water Problem Areas

In 1991, NYSDEC identified two priority water problems in the Town of Champlain, both in the Great Chazy River sub-basin. The highest priority problem affects 13 miles of the north branch of the Great Chazy River downstream to the Champlain Village waterworks. Identified pollutants include pathogens, silt (sediment) and aesthetics.

"Agricultural activity in this watershed ranks #1 in the county. Large amounts of manure spreading washes into the river during runoff periods. Manure appears to be the main source of bacterial contamination and color problems. Also mentioned as a source of pathogens are a number of residences along the river that have failing septic systems. Cropland erosion causes a significant amount of sediment to accumulate on the stream bottom."

The Village of Champlain drew its water directly from the Great Chazy River until 1990. Problems with river water quality led the Village to install a new drilled well field for its water supply. As documented elsewhere in this report, this has not solved all the Village's water quality problems.

Despite the presence of pollutants including coliform, the Great Chazy River is still classified by DEC as a class A or potable stream.

The New York State Department of Environmental Conservation is currently working with the Soil Conservation Service, the Extension Service and the Agricultural Stabilization and Conservation Service to develop Best Management Practices (BMPs) on each farm in the county to eliminate erosion.

The second priority water problem affects seven miles of the Great Chazy River from the Champlain Village waterworks to Lake Champlain. Identified pollutants are silt (sediment) and thermal changes. The siltation is believed to be impairing fish propagation, particularly walleye and riverine muskellunge. The riverine muskellunge population is unique to the Great Chazy River.[32] Erosion of corn fields on steep slopes outside of

[32] NYSDEC et al, "Use of Lampricides in a Temporary Program of Sea Lamprey Control in Lake Champlain with an Assessment of Effects on Certain Fish Populations and Sportfisheries", Final Environmental Impact Statement, July 19, 1990, p. 100-101.

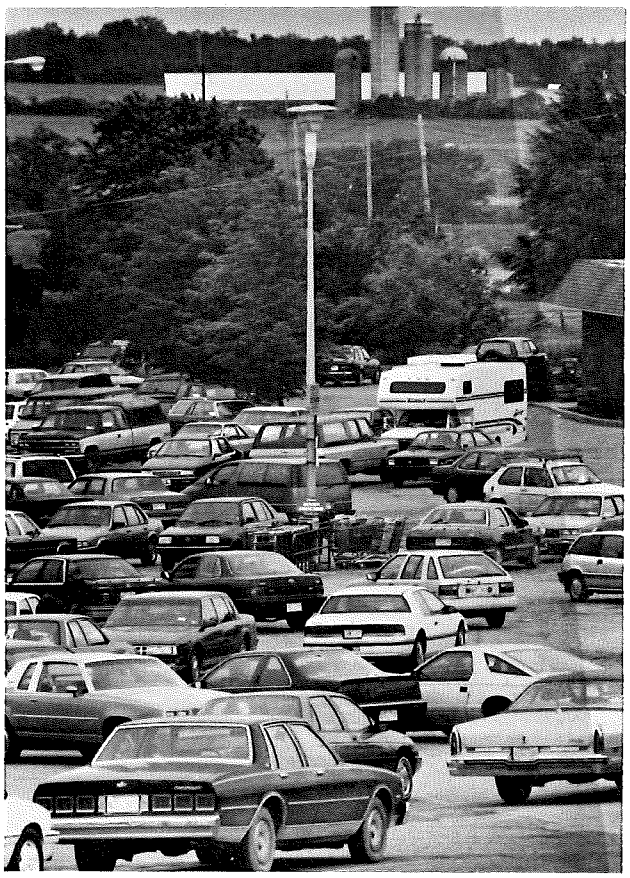
the Town of Champlain, combined with removal of riparian vegetation near the river and grazing of livestock in and around the river are believed to the the cause of this problem. The Department of Environmental Conservation is relying on external agencies to address this problem.[33]

Agriculture and the Land Use Plan

Seventy-seven percent of respondents to a citizens' survey conducted in 1990 as part of the Town's comprehensive planning effort felt that open space and agriculture were appropriate new uses for the area of town in which they lived. Ninety percent of those living along the lakeshore felt this, as well as eighty-one percent of those living along Routes 9 and 11.[34] These are two areas of town most likely to be under significant development pressure in the future, yet nothing is currently being done at the town level to protect the agricultural land base.

> "The general county attitude toward agriculture is it would be better used for development."

The Town of Champlain expects to approve its first zoning law in 1993. The draft zoning regulations and map of proposed land use districts do not designate agriculture as a preferred or protected use. While agriculture is a permitted use in every land use category, the formal categories are limited to residential, commercial and industrial zones. The two areas in town of concentrated high quality soils are designated for industrial development (Perry Mills) and residential development (lake and river flats) respectively.



Agriculture and open space is the primary form of land use in rural communities that actually contributes more to the tax base in revenues than it costs in local government expenditures[35]. Maintenance of agriculture and open space generally does less to induce residential development which is a significant drain on fiscal resources than do commercial and industrial development. By taking a passive approach to agriculture, the community is encouraging conversion of open space to intensive land use. This could result in additional pressures over time on both the water and fiscal resources of the Town as well as changes in the town's aesthetic character. Care must be taken to insure a development pattern that is fiscally as well as environmentally sound.

[33] NYSDEC, Priority Water Problems List, September 1991, Segment Number: 810.
[34] Lamb, Richard F., et al, Town of Champlain Comprehensive Land Use Plan, Part 1: Background Information and Analysis, 1992, p.71-76.
[35] Numerous studies on the cost of community services by land use have been conducted by The American Farmland Trust and others. The original AFT study, "Residential Growth in Loudoun County: Density-Related Public Costs" was completed in August, 1985.

FISHING

The Town of Champlain provides a variety of fishing and hunting opportunities to residents and visitors alike. Local people and people from other parts of New York State, Vermont, Canada and elsewhere come to fish for trout along the Great Chazy River. Fishing from Route 9B in Coopersville upstream to the Perrys Mills Dam is prohibited between March 16 and the first Friday in May to protect spawning walleye. Some people come to the shallow part of the lake near Rouses Point specifically for bass, a game fish, whose season runs from the second Saturday in June through November 30. Local people also fish commercially year around for perch and panfish. Ice fishing is a popular winter activity and also attracts visitors to the town. Ice fishing season is from November 15 to April 30. The fishing economy is mostly separate from the boating economy which depends heavily on large boats owned by Canadians. Very few owners of large boats fish on the lake.

Wetlands provide ideal habitat for wildfowl and other wildlife pursued by hunters and trappers. In 1991 and 1992, an average of 550 residents of New York State and 265 non-residents purchased hunting licenses in the Town of Champlain.

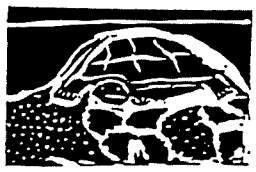
In addition, over 50 seniors purchased senior hunting licenses. Between 10 and 20 residents (and no non-residents) purchased trapping licenses each year.

Recreational Fishing

An average of 636 residents and 1,016 non-residents, primarily Vermonters and Canadians, purchased fishing licenses in 1991 and 1992. This does not include the average of 447 residents in each of those years who purchased combination licenses which permit fishing and hunting. Persons under 16 years of age who fish do not require a license in New York State.

A 1988 New York statewide study of anglers found that anglers who lived in counties bordering on Lake Champlain fished an average of 15 days per year, while anglers from "out of the region" fished an average of 8 days. The same study found New York State licensed anglers spent an average of $19.61 per day on location and $9.65 per day en route. [36] Local expenditures by anglers in Clinton County in 1988 were estimated at $4.3 million.

[36] Connelly, Nancy A. and Tommy L. Brown, Estimated Angler Effort and Expenditures in New York State Counties, NYSDEC, 1990.



In 1991, the only year for which comparable data was obtained, 16% of all Clinton County fishing licenses were sold in Champlain. Assuming there is a high correlation between licenses purchased in a community and overall expenditures in that community (which may or may not be the case), anglers would have spent roughly $688,000 in Champlain in 1988.

There are four places to obtain fishing licenses in the Town of Champlain; the Town offices, the Village of Rouses Point offices, Midway Market and Riverview Trading Post (Perry Mills). An average of 66% of all license sales were at Midway Market in 1991 and 1992. The proprietor of Midway Market, Robert Bilodeau, estimates people who stop for licenses spend at least $5.00 per person on sandwiches, ice cream, soda, beer, and twice that amount if they buy gasoline. With approximately 2000 license sales per year, this adds an estimated $10,000 to $20,000 in revenue to the business. Bilodeau estimates the license trade accounts for 10-12% of his business overall. A proposed increase in non-resident license fees would, he feels, definitely hurt his business.

In addition to purchases at Midway Market, fishermen and hunters also purchase specialized supplies, bait, tackle, ammunition, gasoline, lodging and meals that contribute to the area's economy. For example, December through March the Anchorage Motel rents four rooms a week to ice fishermen during an otherwise very slow period. During each of the seven summer fishing tournaments held elsewhere on the Lake, the Anchorage may fill half its rooms or more. That's about 60 additional customers seven times a year or 420 people in all. And that is only one motel[37].

Hunting and fishing license sales distinguish between residents and non-residents of New York State. Non-resident license sales are significantly higher overall in the Town of Champlain than in Clinton County as a whole, accounting for 69% of 1991 value of sales in the Town compared to 33% of value of sales in the county overall. Thirty-eight percent of all non-resident licenses sold in Clinton County in 1991 were sold in the Town of Champlain. According to Mr. Bilodeau, Canadians and Vermonters buy an approximately equal share of the non-resident licenses. Residents from elsewhere in New York State also buy licenses in the Town of Champlain but their numbers are not easily estimated. It is also impossible to know what percentage of those who purchase their licenses in Champlain actually fish in Champlain waters. However, as we've seen above, license purchasing by itself generates additional economic activity in the town.

Of the roughly one thousand non-residents who travel to fish in and around Champlain, 60% purchase a license good for the entire year while 40% purchase a 3 or 5 day license. Non-residents pay $27.00 for an annual fishing license and $15.00 for a restricted license compared to the $13.00 and $5.00 paid by residents. Based on partial data for 1993, over 80% of non-resident fishing licenses are sold after mid-May. The percentage is similar for resident fishing licenses, but not for combination licenses. Eight-four percent of combination license sales occur between October 1 and mid-May to take advantage of hunting season.

Total revenues from the sale of hunting and fishing licenses in the Town of Champlain were $62,425 in 1991, $66,540 in 1992 and $44,743 in the first five months of 1993. These funds do not stay in the town but are returned to the NYSDEC.

[37] According to the Environmental Impact Assessment Report on Lampricides, there are a total of 112 lodging rooms in Champlain and 84 in Rouses Point.

Household Fish Consumption

Many of the over 600 New York State residents who fish in and around the Town of Champlain consume the fish they catch. A 1984 study of household use of natural resources in Crown Point, New York, also on the shore of Lake Champlain, estimated the value to households of fish caught and consumed at $118 per year.

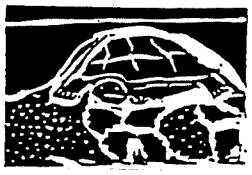
Commercial Fishing

Commercial fishing in Champlain is not "high tech". It is hook and line fishing, usually from small boats. Commercial fishing is concentrated during the winter months when as many as 100 people will utilize fishing shanties on the lake on any given day. While some of these are purely recreational fishermen, others are catching fish to sell. During the summer season only about 30 people catch fish to sell. An estimated 12 individuals make a significant portion of their livelihood catching fish to sell. Most of these individuals are members of limited income households. Some reportedly even take a leave of absence from other jobs in order to cash in on the fishing.

There are two fish buying businesses in the Town of Champlain. They each purchase fish on a daily basis from local (and non-local) fishermen and sell in wholesale markets in Boston and New York City. Prices fluctuate seasonally. In April of 1993, one business was paying .90/lb. for 8 1/2 inch perch, .50/lb. for 7 1/2 inch perch, .50/lb. for 7 inch Sunfish and $1.50/lb. for 9 inch Calico. The 8 1/2 inch limit on perch is to comply with the laws of Ohio where much of the perch is ultimately consumed. During each of the first five of its eight years of operation, the Champlain Fish Company reportedly paid $250,000 into the local economy for fish.

According to commercial fishermen who were interviewed, the catch was down last winter. It used to be more than one business could handle. But last year was less than half the volume of the year before. One of the fish buyers may not open again next year. Many people are convinced the lake has been "over-fished", but Larry Strait of NYSDEC said recent studies show the lake is not being overfished, even for yellow perch. Yellow perch are a prey fish. They reproduce rapidly and will not be eliminated by hook and line fishing.

"We view these fish as a wise use of the natural resource. Seeing them enter the economy is very appropriate."



Other fish, such as crappies, are another story. They are predacious fish, have vulnerable habits and are easily overexploited. New York State recently declared crappies (also known as strawberry bass or calico bass) a gamefish. Gamefish caught in New York State waters cannot be commercially bought and sold. Crappies used to be another mainstay of Champlain's commercial fisheries. Now, rather than being able to purchase from local fishermen, buyers must make sure the fish they buy was caught outside New York State waters. It is not clear how the fish buyers make this determination except by travelling to Canada and Vermont to purchase fish which still could have been caught in New York waters. Placing the burden of a difficult to enforce regulation on buyers invites abuse without ensuring environmental benefit. Crappies caught in Lake Champlain in Canada and Vermont still make their way to New York's wholesale fish markets.

New York State is also ahead of Vermont in protection of Northern Pike. The practice of shooting Northern Pike was outlawed in New York in 1976 but continues in Vermont.[38]

"We have healthy, robust populations of game fish now - we have the necessary regulations in effect."

The Champlain Fish Company has considered expanding their operations to include processing of fish into filets. Filets are easier to sell than whole fish and have a higher value per pound. A small fish processing facility could create three to four jobs. However, fear of changes in New York's laws that might make yellow perch a gamefish has made the investment appear too risky. Indeed, Holmes, et al report both New York and Vermont plan to place a limit on the catch of perch where none now exists.[39] Such a limit would likely have a disproportionate impact on the livelihoods of limited income households.

No one appears to have plans for commercial lake-based perch aquaculture, although a cooperative of salmon and trout growers has been formed in Northern New York.

In addition to selling to the large fish buyers, local fishermen do a good business selling perch to restaurants all along the Lake Champlain shoreline. Joe Sequin at the Anchorage Restaurant reports, "Perch is a big deal for us." The Anchorage estimates its purchases of perch at over 2000 pounds per year. They pay around $4.00/lb. for it and they only buy from individuals, not dealers.

"Sometimes we pay more for perch than for prime rib!"

The people who supply the perch are often "living on the verge".

Fishing and Water Quality

Sea Lamprey

"On a lakewide basis, the Great Chazy River ranks in the top 3 streams (in Lake Champlain) as a major sea lamprey producer."[40] The Lake Champlain Basin Program has completed a feasibility study and initiated a dam repair project on the Great Chazy River to create a lamprey control barrier which would prevent the spread of lamprey upstream from the dam.

[38] This example of inconsistent regulation relates to recreational, not commercial, fisheries.
[39] Holmes, et al, p. 4-22.
[40] NYSDEC et al, "Use of Lampricides in a Temporary Program of Sea Lamprey Control in Lake Champlain with an Assessment of Effects on Certain Fish Populations and Sportsfisheries", July 19, 1990, p.101.

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"I think the water resources are getting better, especially since the lamprey program is in effect. When lamprey are under control maybe people who are going to Lake Ontario to fish will come back to this area."

Estimates made as part of the Environmental Impact Assessment for the Lampricide Program are that there will be 1500 additional lake, ice and shore angler days in Clinton County as a result of the program.

Siltation and Impairment of Fish Propagation

The NYSDEC has designated seven miles of the Great Chazy River from the Champlain Village waterworks to Lake Champlain as a medium water priority problem area due to impairment of fish propagation suspected to be caused by siltation from agricultural practices. As of 1991, the NYSDEC intended to address this problem through external agencies. In the meantime, fishing this portion of the river is prohibited during walleye spawning season.

Health Advisory Warnings

The NYSDEC has issued health advisory warnings to eat no more than one lake trout greater than 25" or walleye greater than 19" per month caught anywhere in Lake Champlain. Business people in Champlain are reluctant to pass along health advisory information for fear of alarming their customers. Water quality improvements which result in continued improvement in fish quality will make the lake and river more attractive to fishermen and lower the risk to people consuming local fish.

Overfishing/Underfishing

Many respondents are concerned the lake is being overfished, particularly after the past winter when the perch catch was dramatically down. Biologists and some commercial fishermen closest to the lake don't share this view.

"The lake is healthier. There are fewer small perch than before. More different species are turning up, it's more balanced."

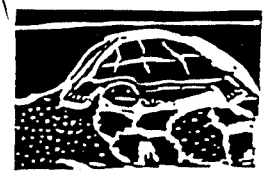
"Placing Lake Champlain in comparison with other lakes in the northeast, it is probably underfished."

"We should protect the less prolific species of fish, but leave the commercial panfish and perch alone, they are very prolific. When you lower the overall number, the remaining fish get bigger, so fishermen just catch bigger fish."

Improving Economic Returns from Fishing and Hunting

The Town of Champlain is clearly an attractive destination for lake and river fishermen as well as for hunters. If the lamprey control program and related efforts to improve the health of the fish population are successful, this will only be more true in the future.

What then can the community do to maximize the economic benefits of fishing? Recreational fishing, particularly along the river (and on the lake for those who do not own their own boats) suffers from poorly identified and developed access. Much of the land along the river's banks is farmland. Farmers do not always allow or promote access to the river. The Town could develop and implement a plan to improve river access. The plan would have to address issues of ownership,



easements, liability, parking, signage, etc. The plan to improve river access should be part of an overall recreation development plan for the community. Given the disproportionate share of fishing and hunting license revenues derived from the Town of Champlain, opportunities for the town to capture some percentage of these revenues to improve its fishing and hunting facilities would be worth investigating.

Other recommendations from the Northern Tier Chamber of Commerce include:

- advertise river fishing (easier to do if access is first defined)
- remove the barriers on the Great Chazy River so it is once more navigable from Champlain Village to Lake Champlain
- create a fishing derby for the shallow end of the Lake[41]
- create handicapped fishing access on the Rouses Point bridge

While demand for fishing and hunting licenses has remained fairly steady over the past several years, national trend data indicate increased demand for these types of activities in the future. An increase in demand for fishing also creates opportunities for fishing guides. Until around 1980 there were as many as eight fishing guides available in the Town of Champlain to take visitors out on the lake. Today, as far as we can tell, there are none. Catering to increased demand for fishing can help the economy of the Town if the quality of the water resource remains sufficiently high.

REAL ESTATE DEVELOPMENT

As of 1990 according to theU.S. Census, there were 2,543 housing units in the Town of Champlain. Half of these units were built before 1950. Only 9% have been built since 1985. Twenty-five percent of all housing stock is occupied by persons 65 years of age or older.

There are no large housing developments in the Town of Champlain. Neither of the two villages have much room left for residential expansion. Most new homes are being built one or two at a time outside the Village areas and away from the waterfront where real estate values have become inflated.

Between 1980 and 1990, 131 new houses were built in the two Villages and 221 new houses were built outside the Villages in the Town. Forty-one percent of all new structures built in the Town were mobile homes, indicating the income limitations of many residents.

Private Sewer and Water

In 1990, 892 houses were served by septic tanks or cesspools and 40 by "other means". This represents 41% of occupied housing units. 55 of these houses are in the two villages, the rest are outside the village areas. The remainder were served by public sewer.

The Census reports 714 houses served by individual drilled wells, 77 by dug wells, and 81 by some other source (probably directly from the river or lake). Taken together these represent 39% of occupied housing units. The remainder were served by public water.

The two Village areas are relatively built up while a great deal of open land remains in the Town. Future housing growth is most likely to occur in the Town, outside the Villages. This has significant water quality implications since homes built outside the Village areas will have to rely on private water systems and on-site septic for sewage disposal.

[41] While there are at least seven fishing derbies held on Lake Champlain, only one, the Ice Fishing Derby connected with the Winter Carnival, is held in the Town of Champlain.

The Town of Champlain Comprehensive Land Use Plan completed in 1992 indicates only about 2% of the land in the Town has soils which are good for septic systems. "The remaining 98 percent is rated as having severe limitations for leach fields because of a seasonally high water table and/or an extremely slow percolation rate due to a clayey composition."[42] Of the 2% of land with good soils, only a fraction is on or near existing roadways.

At the same time, "soils rated as having moderate or high potential for groundwater contamination are widespread in the Town of Champlain, encompassing approximately one-third of its land area."[43]

The Environmental Division of the Clinton County Health Department issues permits for septic systems. The code enforcement officer for the Town insists on seeing a septic permit before issuing a building permit. Banks insist on seeing a septic permit before approving financing. Permits are required for new and replacement systems. To obtain a permit, two percolation tests and one deep hole test must be successfully completed on site. However, tests may be conducted by the prospective home owner or developer and test sites are not independently monitored. There is no guarantee that the test results presented in order to obtain a permit are valid.

An average of 19 permits per year were issued between 1989 and 1991, the last year for which data is available. Despite the fact that people are known to "bring in tons of fill to accommodate the wet areas," there is only one engineered septic system in the Town and that is at the town clerk's office. There have been nine formal complaints about failing septic systems filed with the County Health Department since 1991. It is almost certainly the case that failing systems are underreported.

The Clinton County Health Department is looking into ways to improve this situation. So far, they are considering requiring the use of an engineer to conduct on-site tests and use of local code enforcement officers to enforce their rules. Given the limited resources of most prospective home owners, raising the cost of home site selection by requiring use of an engineer may or may not result in significant environmental gains. It is possible some new construction will be discouraged while an increased amount goes unreported and unpermitted. Other, more workable, approaches might include use of specially trained technicians (much less expensive than engineers) and/or some sort of cost-share program for low income homeowners similar to agricultural pollution prevention cost-share programs.[44]

Even if a workable way were found to limit the negative environmental impacts of new housing, there are already a large number of septic systems, including many along the lakeshore, that may well be failing given environmental conditions and the age of existing housing stock. Unlike non-point source pollution from agriculture and regulation of public water and sewer plants, nothing appears to be in place to address this clear and present danger to the water quality of the Town and lake. While residents recognize the lack of public water and sewer in the Town as a development constraint and a potential water quality problem, the specific issue of failing septic systems was rarely mentioned.

[42] Lamb, Richard F., et al, Town of Champlain Comprehensive Land Use Plan Part 1: Background Information and Analysis, p.4-5.
[43] Ibid, p.15
[44] Innovative solutions such as on-site aerobic effluent treatment systems used in Illinois and self-help projects supported by the Rensselaerville Institute in New York deserve consideration.

III. FISCAL IMPACT OF THE WATER RESOURCES ON THE TOWN OF CHAMPLAIN

We have considered three basic ways in which the presence of Lake Champlain, the Great Chazy River, and related water resources impact the fiscal health of Champlain: property tax effects; sales tax effects; and government revenue and expenditure patterns. Also included in this section is an analysis of the public sewer and water systems of the Villages of Rouses Point and Champlain and a review of community planning efforts.

PROPERTY TAX EFFECTS

Based on data available from the Town of Champlain and the Village of Rouses Point, approximately $22.5 million dollars of assessed value or 10% of the Town's total assessed value comes from residential land, seasonal dwellings and year around dwellings located in lake and river neighborhoods. Approximately $6.2 million of this is in Rouses Point with the remainder outside the Village area. An additional $4 million dollars is contributed by marinas and campgrounds.

The value of vacant land on the lake is approximately $2.6 million compared with $17 million for land with buildings. Riverfront land is valued at approximately $0.5 million and riverfront land with buildings at $2.3 million. The total of $22.5 million dollars of assessed value does not include riverfront area in Champlain Village, nor does it include agricultural lake or riverfront land which is classified separately. Therefore, the total is an undercount of water-related property value in the Town of Champlain.

By comparing the median values of properties in lake and river neighborhoods with similar properties located outside these neighborhoods, it is possible to estimate the amount of value added by a water location. Lake residential properties command a 35% to 55% assessment premium over similar properties in other neighborhoods. Land with lake frontage can run 5 times the value of neighboring lots without frontage. Non-lakefront lots in the lake neighborhood are twice the value of lots away from the lake.

In addition to residential property values, influenced directly by proximity to the lake, commercial property benefits indirectly through lake-related retail sales since the value of sales is considered in determining property value. Based on survey research, we estimate a conservative 15% of retail sales of commercial properties in lake and river neighborhoods are lake-related.

Finally, we assume 100% of the value of marinas and campgrounds is attributed to the presence of the lake.

The following table summarizes the water-related portion of property values in the Town in 1992.

Table 1. Water-related Proportion of Assessed Value in the Town of Champlain 1992.

	Assessed Value	Water-related Proportion	Water-related Value
Residential	$19,414,420	40%	$7,765,768
Vacant Land	$ 3,050,840	60%	$1,830,504
Marinas/campgrds	$ 4,169,032	100%	$4,169,032
Commercial	$37,281,840	15%	$5,592,276
Contributory value of the lake and river:		$19,357,580	
Total assessed value, town-wide:		$237,435,875	

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This analysis indicates that a minimum of 8% of total assessed value in the Town of Champlain can be reasonably attributed to the presence of the lake and river. These values do not consider the value of clean, inexpensive drinking water available to residents and businesses.

Dollar estimates of these benefits are beyond the scope of this work, but they are significant, particularly for the county's largest employer, Wyeth-Ayerst and, for the estimated fifty households who draw water directly from the lake and/or river.

Interviews with individuals knowledgeable about the real estate market suggest water-related property values are increasing faster than non-water-related property values. Some support can be found for this in the record of recent property transfers. Of the 34 residential sales in 1992, 27 sold for less than $70,000. None of these were along the lake. Of the 7 higher priced properties, six were in the easternmost portion of the town and three were in lake/river neighborhoods. In addition, the lake properties sold for almost 50% more than their assessed value; whereas the one higher priced non-lake property sold for a price virtually identical to its assessed value.[45]

To the extent that the Lake Champlain Pollution Prevention, Restoration and Control Plan (LCPPRCP) results in cleaner water which, in turn, raises waterfront property values at an increasing rate, the Town's total assessed value will increase.[46] This, in turn, will result in a greater sales tax revenues to the Town from the county given existing distribution formulas. However, if waterfront property values rise at an increasing rate compared to non-waterfront property, so will the property tax obligations of landowners. This is likely to result in some displacement of longtime camp owners and/or increased conversion of camps to year around residences. In fact, such displacement is already occurring. If this is not a desirable outcome, the community will have to take steps to avert it.

On the other hand, if the LCPPRCP restricts use of waterfront property in ways unacceptable to landowners and property values increase at a decreasing rate or actually decline, this will have a negative impact on the fiscal health and, quite likely, the morale of the community. This could result from restrictions on boating, swimming, etc. or from increased costs associated with installation of new types of septic systems, water treatment requirements, etc.

SALES TAX EFFECTS

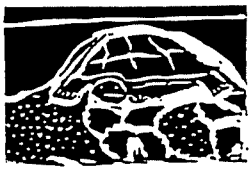
Existing data systems combined with confidentiality concerns at the county level make it impossible to accurately compute the amount of sales tax generated by businesses known to have a lake-related economic component. However, based on field work, we estimate approximately 15% of sales tax revenues generated in the Town of Champlain come from consumers who are using the lake or river.[47] This is the figure used in the revenue and expenditure model presented below. We consider it a conservative estimate.

The sales tax collected at the Town level is remitted to the County. It is redistributed back to the

[45] A general analysis of property values in the Town of Champlain, performed by the County, suggests that properties are actually assessed for slightly more than they are likely to bring on the open market, though the town assessor is unaware of any recent sales below assessed value.

[46] The marginal economic impact of pollution prevention, restoration and control depends on the extent of resource degradation. In a highly degraded environment (for example, where excessive weed growth prevents swimming), the marginal impact of clean up is likely to be relatively high. In a relatively pristine environment, however, the marginal economic impact of increased cleanliness is likely to be quite low, especially relative to the very high costs of achieving marginal gains in cleanliness.

[47] This is based on interviews with lake-related business owners. If Wyeth-Ayerst were included as a lake-related business based on their use of lake water, this figure would almost certainly be higher. In general, 30-40% of sales tax revenues are generated by manufacturers' purchases of intermediate goods.



towns based on their proportion of total assessed value in the county. Until this year, of the total sales taxes generated within the County, 50% remained at the County level and the actual sales taxes generated within the City of Plattsburgh were preempted (removed from the pool). The balance was distributed to towns based on their proportion of equalized assessed value. In general, assessed values in the county have been rising faster than county expenditures resulting in decreasing county tax rates.

Over the last four or five years, the Town and its villages have received close to $1 million per year in sales tax rebates. This is about 11% of the total pool. The total pool has been increasing at a rate close to 6% per year over this period, yet the Town's share has grown at less than 2% per year. The Town's share of the total has thus decreased because the Town's assessed value has grown more slowly than that of other towns in the county, particularly Plattsburgh Town (home of the outlet malls) and Peru (which has experienced considerable residential growth).

However, after March of 1993, a new procedure went into effect. Now, from the total sales tax revenue generated in the county, 55% remains at the County level, and the City of Plattsburgh gets its share based not on assessed value but on population. The result is the County gets more and the City gets more and there is less to divide among the towns. Towns will still receive their share based on assessed value. Both the Town of Plattsburgh, home to most of the outlet malls, and the Town of Champlain are displeased. Developers in the Town of Champlain were apparently under the impression they would be able to preempt the sales tax revenues generated by the new outlet mall for the Town of Champlain. This is not the case. Those revenues will enter the County pool.

Furthermore, due to procedural changes at the County level, the Town of Champlain, which has, in the past, elected to apply most of its sales tax rebate to its county tax bill, and has as a result routinely received a year end check from the county for the balance, will no longer be receiving the end of year lump sum payment. Although the Town will still receive the rebate to which they are entitled over the course of the year, this may complicate Town budgeting since the Town is in the habit of using the year end lump sum "forced savings" to purchase capital equipment. The Villages, which have taken their rebates in cash, will, everything else being equal, see the amounts decrease.

Under the present system there is very little incentive to towns to increase sales tax revenues since revenues generated at the town level are being used to subsidize the County and City. The impact on Champlain of increased sales due to greater utilization of water resources would be significantly diluted. On the other hand, if the entire County were to increase sales based on expanded use of the water resource, there would be greater marginal benefit to Champlain.

To illustrate, using the old sales tax distribution system for simplicity[48], if gross sales were to increase by $5 million in the Town of Champlain, this would generate $150,000 in county sales tax[49] of which $75,000 would be available for distribution to the towns. Assuming the entire Town of Champlain continues to receive 10.5% of town distributions as in 1992, the increased revenue to the entire Town of Champlain will be $7,875 per year.

In contrast, if the Town of Champlain were to increase its assessed value by $5 million, its new percentage of total county assessed value would be approximately 10.7% everything else being equal.

[48] Figures under the new plan would be somewhat reduced.

[49] New York State sales tax is 7% of which 4% goes to the state and 3% to the county.

Under these circumstances, total sales tax revenue returned to the entire town would be approximately $976,782, an increase of $15,830 over 1992 sales tax revenues.

One of the conscious forces driving economic development in Champlain, as clearly articulated in the IDA/LDC Five Year Plan, is the need to increase assessed values and thus increase the Town's proportional share of sales tax revenues. However, to the extent that this is achieved through industrial/commercial and/or residential development, the costs of service provision at the Town level will also rise, creating additional fiscal stress. Depending upon the type of development, $5 million in increased assessed value could easily cost the Town more than $15,830 per year in additional service expenditures. An increase in commercial development, as opposed to industrial or residential, will have the dual benefit of increasing sales tax revenue as well as assessed value. Nonetheless, it is entirely possible, although beyond the scope of this analysis, that the net revenue gain to the town after consideration of increased expenditures, may be greater from an increase in gross sales than from an increased in assessed values.

If towns could directly capture some percentage of sales tax revenues raised, that money could pay for some of the planning and infrastructure needs in the community. This would, in turn, relieve some of the pressure to increase assessed values.

REVENUE AND EXPENDITURE ANALYSIS

The purpose of this section is to examine the impact of the water resource on municipal finances. In some cases, such as with water and sewer expenditures, the water resource connection is clear and direct; in other cases water-related impacts are less obvious. By examining the three municipal budgets in detail, interpreted through interviews with individuals responsible for those budgets, we have attempted to isolate all significant revenues and expenditures that might be related to the water resource. We chose to work with the revised budgets for the 1992-93 fiscal year for the villages and the 1992 calendar year for the Town. By using data from the most recently completed period, we were better able to draw out less obvious connections that relied on individual recollection.

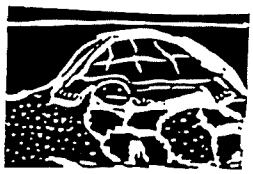
Expenditures by the two villages will be considered first, since the water-related impacts on each are similar. The Town has somewhat different issues of concern and will be addressed separately. The revenue structure is roughly parallel in the three municipalities and will be examined last. A summary of water-related revenues and expenditure is provided in Table 2.

Expenditures

For the two villages, the largest water-related budget items arise from the provision of municipal water and sewer services. In the case of Rouses Point, water and sewer costs account for $1.0 million, over 20% of the total annual cost of running the village.[50] For the Village of Champlain, water and sewer costs are the largest line item by far, accounting for $ 433,800, or 54% of the total budget. As can be seen in the table below, only 14% of Rouses Point water and sewer appropriation goes toward debt service; by contrast, 55% of Champlain's appropriation is used for debt, a figure well in excess of annual operating costs. In each village, any time spent by individuals outside the utility departments on issues related to water and sewer is billed to the water and sewer accounts, thus it is included in the totals quoted here.

There are, of course, other water-related expenses. In Rouses Point, these include appropriations for the July 4th festival and Winter Carnival

[50] This percentage nearly doubles if the costs associated with municipal electricity are removed from the total budget.



events ($5,500) and capital expenses for the extension of water and sewer lines ($128,306). Conversations with the village administrator and treasurer did not identify any other significant water-related expenditures.

For the Village of Champlain, the other water-related expenses center around the establishment of the water district that includes the Miromar mall. In addition to monies spent on this effort by water and sewer personnel and included in those accounts, the town clerk estimated roughly half of the village attorney's time ($6000/2) was spent on this issue in the past year. There is some minor amount of time spent dealing with river flooding by the town road crews in the spring, but most other water-related expenditures are insignificant.

Town appropriations do not contain a large budget item similar to water and sewer expenses in the villages. Instead, the bulk of town expenditures support general government (29% of total appropriations) and highways (46%). Within general government, the Town Clerk estimated 25% of his time and that of the Town Supervisor had been spent in the last year dealing with the creation of the water and sewer district for the mall and working with the various parties to organize remedial efforts for the groundwater pollution that has occurred in the district. Twenty-five percent of their combined salary (not including fringe benefits) amounts to $ 5,750. Also in this category is 10% of the Town Assessor's appropriation ($ 4,230), an amount she felt covered the time spent on assessing water-related properties.

Town officials agreed that a greater amount of time would be spent on water-related issues in the coming year, particularly involving the clean-up of hazardous materials at the town landfill. There is a specific appropriation that covers administration of the fledgling water/sewer district which adds $14,855 to water-related expenses in 1992. This item is projected to double in 1993. One notable aspect of Town finances is the absence of any long-term debt. The Town has managed to keep property tax rates reasonable and meet capital needs with the existing revenue sources, in spite of the fact that it conducts no formal capital planning or budgeting.

Revenues

The three major revenue categories for all three municipalities are utility rents, county sales tax rebates and property taxes. Municipal utility funds must be, by law, self-sustaining; therefore, water and sewer rents must be set to cover direct water and sewer expenditures. On a residential per-unit basis, water and sewer rents in the Village of Champlain are 3 to 4 times the rate for similar service in Rouses Point. This is a direct result of Champlain Village's large debt. Overall, water and sewer revenues account for 20% of total village revenues in Rouses Point (38% when electricity fund revenues are excluded) and 52% in Champlain. This disparity is not likely to improve in the near future.

Sales tax revenues are distributed from the County to municipalities on the basis of equalized assessed value. Champlain Village is the most dependent on this revenue source: the total amount rebated to the village in 1992-93 ($143,000) roughly equalled the revenue raised by property taxes ($139,683).[51] Combined, these two sources accounted for 34% of total village revenues. Rouses Point sales tax revenues exceed $365,000 (14% of revenues, excluding electric rents). This sum is nearly double the amount raised by property taxes and is another way the Village benefits substantially from the Ayerst plant. Finally, the Town also receives a large county payment ($413,000) but chooses to use the bulk of this

[51] Current sales tax rebates are down almost 32% from a peak of $188,000 in 1990, primarily because of the a tax base decline associated with the loss of Harris Graphics.

amount to offset corresponding county tax obligations.

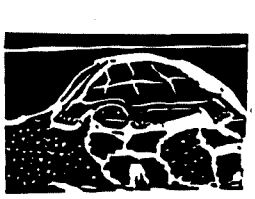
In the following table, the water-related portion of county sales tax revenue was assumed to be 15% for each municipality. The rationale for this proportion rests on the presumption that each municipality contains substantial value in commercial property and, based on our interviews, 15% is a conservative estimate of water-related sales revenues.

Property taxes must cover all municipal expenditures not covered by other revenue sources. The table includes 8% of the total property tax revenues for all municipalities as water-related, a figure that is consistent with the assessment analysis presented earlier.

Fines and forfeitures represent $ 55,000 of income to the Town coffers and $30,000 to Rouses Point. Although this is a significant revenue item, some of which is certainly water-related, discussions with law enforcement personnel suggest under $1000 in fines can be directly tied to

Table 2. Summary of Water-related Expenditures in Champlain Municipalities.

	Rouses Point Village	Champlain Village	Champlain Town	Total
Appropriations				
General Government		3,000	9,980	12,980
Recreation	5,500			5,500
Municipal Water	403,909	74,300	8,290	486,499
Municipal Sewer	468,190	117,000	6,565	591,755
Debt Service				
Water	20,570	103,600		124,170
Sewer	123,125	136,000		259,125
Capital Projects				
Water	88,306			88,306
Sewer	40,000			40,000
Total	1,149,600	433,900	24,835	1,608,335
Revenues				
Water Revenues	424,479	177,900	8,920	611,299
Sewer Revenues	591,315	253,000	6,565	850,880
Sales Tax	54,795	21,450	40,690	116,935
Property Tax				74,950
Fines and Forfeitures				1,000
New Debt Issues	128,306			128,306
Prev. Year Surplus			14,920	14,920
Total				1,798,290



navigational violations. Navigational patrols are staffed by state and county officers, not local officers. In addition, some inestimable proportion of the traffic violations can be presumed to be committed by lake visitors, but is not reflected in this total.

The "Surplus" figure in the Town column represents 11.4% of the unexpended balance from the previous year applied to reduce taxes for 1992. This percentage (11.4%) is equivalent to the proportion of water-related revenues to the total of town revenues, excluding this surplus. This presumes that the proportion of water-related revenues that generated this surplus was roughly the same in 1991 as it is projected to be in 1992.

General Comments and Conclusions

Water-related expenditures range from 2.5% to 54% of total expenditures in these three municipalities; water-related revenues range from 13% to 55% of total revenues. The largest revenues and expenditures involve the provision of municipal water and sewer, but substantial revenues can be credited to water-related property values and sales tax rebates from consumer expenditures.[52] The two villages have made recent investments in their water/sewer infrastructure. Servicing the debt incurred by these upgrades will continue to be a large component of the overall cost of operation.

If one considers the relative prosperity of these municipalities, it is quite clear that a disproportionately heavy fiscal burden falls on residents of the Village of Champlain. Village residents had to assume a large portion of the debt for water and sewer improvements because federal monies could not be effectively leveraged. In addition, recent declines in the Village tax base have had the combined effect of lowering sales tax rebates and spreading the property tax burden over a smaller base.

The costs of debt service for infrastructure improvements have probably peaked and will be declining, **assuming no new mandates are imposed.** Champlain Village anticipates an additional $57,500 in water and sewer receipts from the mall, with little increase in operating costs. On the other hand, new mandates may well be on the horizon: the Village of Rouses Point currently faces a $535,000 expense to enable composting of municipal sludge. Champlain Village faces a similar mandate but has no firm plan of attack. Due to the disparities between their ability to pay, the costs of any new pollution control initiatives will fall disproportionately on the residents of Champlain Village.

Finally, the above figures suggest the Lake and water-related features of the Town as a whole produced revenues exceeding their associated "costs" of $190,325 in 1992. Without further analysis it is impossible to know whether this is a typical pattern. If it is, it may be seen as one measure of the intrinsic value of the water resource to local government - a type of "water subsidy" provided to other aspects of town government. On the other hand, this margin is sufficiently narrow to suggest that additional mandates affecting sewer and water treatment, not to mention public investments in other aspects of water-related economic development without the aid of outside funds, will quickly turn the water resource into a net burden from a fiscal standpoint.

SEWER AND WATER SYSTEMS

There are two public sewer and water systems in the Town of Champlain, one in Rouses Point and one in the Village of Champlain. The Town outside the villages, with a few exceptions such as the central school and the proposed new water and

[52] Rebates are based on property assessments, which, for commercial property are, in turn, based in part on sales revenue.

sewer district, is not served by public systems. This analysis of existing public sewer and water systems covers public expenditures, private costs, system status, capacity, existing problems, planned remediation and future plans.

Public Expenditures and Private Costs

Sewer and water systems, including debt service, cost the Village of Champlain nearly half a million dollars or nearly 55% of total government expenditures.[53] Debt service alone is $248,300 or half the total amount. Water and sewer is the largest single category of expenditures for Village government. Revenues sufficient to cover this cost are paid by residents and businesses in the form of user fees.

Sewer rents for residential users in the Village of Champlain have increased from $35.00 per month in 1989-90 to an average of $72-$100 per month in 1993. Anyone connected to the system who lives outside the Village pays double. Water rents in Champlain Village have stayed relatively stable or actually declined slightly from $55 per household per month in 1989-90 to an estimated $47.50 per household per month in 1993. For a population with a median household income of $19,958, spending on sewer and water represents roughly 8% of total income on an annual basis.

The Village of Rouses Point, in contrast, has budgeted for expenditures of approximately $886,000 on water and sewer in the 1993-94 fiscal year of which $205,000 or 23% is debt service. Water and sewer combined make up 18.7% of total expenditures. This percentage rises to 29% if expenditures on village electricity are omitted. Revenues sufficient to cover these systems are collected from residents and businesses in the form of user fees.

Sewer rents in Rouses Point have remained stable at $22.85 per household per month since 1989-90. Water rents in Rouses Point have increased from $9.20 per household per month in 1989-90 to $11.15 per household per month in 1993. Combined payments for sewer and water represent approximately 2% of 1989 median household income of $27,157 in Rouses Point.

While the absolute cost of sewer and water is greater in Rouses Point, as a percentage of overall expenditures, it is much more significant in the relatively less affluent community of the Village of Champlain.

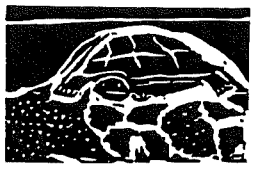
Village of Champlain

Water System

The Village of Champlain installed well fields in 1989 to replace water from the river which was severely discolored and had high bacteria counts. The new system cost the Village $1.8 million which included substantial work on water lines and metering for all users. The system provides a capacity of over 400 gallons per minute (576,000 gallons per day), well above design expectations. Use is approximately 200,000 gallons per day, leaving adequate room for expansion.

Unfortunately, the quality of the well water from the new system leaves a lot to be desired. Bad water quality in Champlain Village was mentioned seventeen times by telephone respondents and again at the Chamber meeting. The problem is high levels of minerals and iron. Iron not only looks and tastes bad, it also clogs pipes and fittings. Users were recently surveyed to see if they would support construction of a water treatment system that uses potassium to soften the water. The system is estimated to increase water and sewer bills between 15 and 25%. Out of 600 surveys mailed, 142 came back. Ninety-seven said

[53] Based on budget figures for fiscal year 1993-94.



"no"; eighty-five said "yes". Of those who said "no", fifteen indicated they were primarily concerned about the cost.

Orthophosphates are currently being used to reduce iron and minerals in Village of Champlain water. If additional steps are taken to soften the water, this may introduce additional chemicals that will increase the cost of wastewater treatment, particularly when new phosphorous standards are mandated.

Sewer System

The Village of Champlain sewer system has been upgraded over the past three to four years from a primary treatment system to a secondary treatment system. The system has a capacity of 400,000 gallons per day. The system is expected to have enough additional capacity to handle the new outlet mall and other businesses included in the proposed new water and sewer district (see below). There are, however, several issues that need to be addressed including: infiltration and inflow; sludge disposal; and increasing biological oxygen demand (BOD)[54].

Inflow is caused primarily by discharging of basement sump pumps into the sewer system. Infiltration comes from storm drains that are connected to the sewer system, leaks in old sewer pipes, and from heavy spring run-off and rains. The public works supervisor has planned and is implementing an aggressive program to deal with these problems including upgrading old clay sewer pipes in areas where the ground regularly becomes saturated in spring. The NYSDEC is requiring the Village to address its inflow and infiltration problems sooner rather than later.

Sludge is currently dried at the plant and landfilled, but the landfills are closing. The Town must have an alternative by October 1, 1993. There is a possibility that some portion of Village of Champlain sludge may be composted with Rouses Point sludge but no formal arrangements have yet been made.

Biological oxygen demand apparently increased substantially when the Village instituted mandatory recycling. People started washing cans and bottles more thoroughly, using garbage disposals more extensively, and disposing of more food waste down the drain. Increased BOD decreases the system's efficiency and hence its capacity. There is no clear plan to address this problem as of yet.

Any new standards imposed by the Clean Water Act or through the Lake Champlain Management Conference will require resources beyond those needed to address existing problems.

Village of Rouses Point

Water System

The Village of Rouses Point takes its water directly from Lake Champlain through a 16" intake 1300 feet out into the Lake with an emergency intake inside the breakwater. The emergency intake is needed because turbulence caused by high south winds fouls the diatomaceous earth filter that is part of the system. The system is presently pumping under 1 million gallons per day with the ability to produce twice that amount. The water scores very well on virtually all tests, although some residents complain of a "fishy" taste, particularly in the summer.

[54] According to the Lake Champlain Diagnostic-Feasbility Study Interim Progress Report produced by the Vermont Department of Environmental Conservation and NYSDEC in 1992, the Village of Champlain sewage treatment plant discharges 1,821 kilograms per year of phosporous into the Lake. This is three tenths of one percent of the total phosphorous loading on the New York side of the Basin. Phosphorous reduction will be addressed by the LCPPRCP. Any additional restrictions on phosphorous discharge for small plants like Champlain should be accompanied by a cost-benefit analysis.

The largest user of Rouses Point water is Wyeth-Ayerst. Ten years ago, prior to metering, Ayerst used about 288 million gallons per year. They paid a flat rate for water use. Once metering was introduced and a financial incentive created to reduce use, Wyeth-Ayerst substantially reduced their water usage so that today the entire village uses about 288 million gallons per year. Wyeth-Ayerst's usage accounts for approximately 65% of the total or 187.2 million gallons a year. Wyeth-Ayerst has recently initiated a new product line and their use is once again on the rise.

The water system supervisor is aware of several issues that need to be addressed. One of the storm drains belonging to Wyeth-Ayerst has been a past source of benzene discharge into the Lake. It has not yet been repaired and it is only a matter of time before another leak occurs.

New York State has mandated development of an emergency plan and is also mandating more testing for organic and inorganic substances. New rules regarding lead and copper may require the water system manager to conduct tests at the tap and add chemicals to the water if levels are high. In addition, the EPA has mandated new chlorine contact time requirements to control giardia. The Village must meet a three year compliance schedule the cost of which may be quite high in terms of monitoring and capital costs.

Sewer System

The Rouses Point secondary sewage treatment plant came on line in April of 1986. It includes the plant, two pump stations and force mains. It was completed at a cost of $6.5 million dollars with 87.5% federal/state funding. The Village paid $812,500.

In order to pay for the new plant, sewer rents increased from $14.00 per household per month in 1985 to $17.00 in 1986 to $22.85 in 1990. They have remained at $22.85 since. The rate of increase in rates over a ten year period between 1983 and 1993 has been 169%.

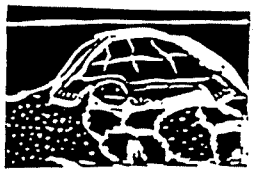
Unlike water use, sewer use is not metered for business customers or residences. The marinas send considerable sewage from their pump-outs into the system but pay the same flat rate as everyone else. They pay a metered rate based on water use, not sewage.

One result of Ayerst's water conservation was a decrease in revenues to the system. This has contributed to increasing sewer and water rents overall. Ayerst is embarking on a pre-treatment program for the waste they generate. Another industrial user caused copper to enter the system. They paid a fine of $300,000 and the cleanup effort was largely successful.

There are several issues that need to be addressed in Rouses Point. The first is inflow and infiltration. The system is designed to handle 2.0 million gallons per day but in spring the rate often exceeds 2.4 millions gallons per day. At rates in excess of capacity, the system discharges untreated wastes directly into the Lake. When this occurs the sewage and water departments must coordinate to avoid drawing raw sewage in through the water intake pipes. They switch between the regular pipe and the emergency intake depending on which way the wind is blowing.[55]

There are plans to address the inflow problem by mailing information to customers regarding the use of sump pumps and, perhaps, knocking on doors. There is no plan in place to address the

[55] According to the Lake Champlain Diagnostic-Feasbility Study Interim Progress Report produced by the Vermont Department of Environmental Conservation and NYSDEC in 1992, the Village of Rouses Point sewage treatment plant discharges 914 kilograms per year of phosporous into the Great Chazy River. This is two tenths of one percent of the total phosphorous loading on the New York side of the Basin. Phosphorous reduction will be addressed by the LCPPRCP. Any additional restrictions on phosphorous discharge for small plants like Rouses Point should be accompanied by a cost-benefit analysis.



infiltration problem described above apart from continuing to upgrade old lines whenever possible.

Sludge has also been an issue in Rouses Point. The sludge load was substantially underestimated in the design of the plant. The Village faces the same October deadline as Champlain for finding an alternative to landfilling. Rouses Point has planned a $560,000 state-of-the-art composting facility that will use existing buildings. They expect to be taking bids on its construction soon. This facility will be financed through a State of New York revolving loan fund. Payments on the loan will lead to increased rents.

Sewer and Water Planning

One of the results of a checkered history of bad feelings between the two villages was the decision to develop/upgrade water and sewer services separately several years ago. Many residents feel the town and villages would have been better served by building a pipeline along Route 11 to bring lake water to the Town and the Village of Champlain. At the time that option was considered too expensive and would also have required a degree of cooperation difficult to come by. The result, two separate systems for each village and none for the town (except where land has been annexed), is clearly not ideal, particularly when it comes to planning for environmentally sensitive future growth and development.

In response to this dilemma, the Town of Champlain and the Village of Champlain are establishing water and sewer districts to encompass the land area around the interchange of Routes 11 and I-87. The engineering work is completed, an application has been submitted to NYSDEC, and a public hearing is required. The water and sewer district will need to generate sufficient user fees to cover the cost of its establishment and administration.

The incentives to establish the new districts are four:

1) Petrochemical leaks from gas stations' fuel storage tanks have caused groundwater contamination in the district area. As a result, four businesses and the NYSDOT facility have polluted wells. In addition, McDonalds has a failing septic system. Creation of water and sewer districts will create a mechanism to share the costs of clean-up among all members of the district.

2) The new outlet mall and any spinoff businesses require public sewer and water. The districts create a mechanism to meet this requirement.

3) Creation of this district is seen as a way to facilitate future expansion of public water and sewer to other areas of town currently unserved.

4) The State of New York is encouraging shared services.

"One of the things that would be helpful from the Lake Champlain Commission would be information about the water quality in the past, present and future...Can they articulate the relationship between the lake and the groundwater in the area and how they effect one another? Recreational promotion leads to the need for water and sewer. Where are how should we do it best for the lake and the community?... An engineer is very costly. Can the commission provide overall guidelines, recommendations, suggestions?"

COMMUNITY PLANNING

The Town of Champlain is relatively new to the process of town planning. A Land Use Committee has been meeting once or twice a month for the past two years. Meetings are open to the public but generally sparsely attended. Both pro-planning and anti-planning property rights perspectives are

represented. The Background Information and Analysis section of the Comprehensive Land Use Plan was completed in 1992. This plan deals only with the Town's land area and excludes both Villages. The Town's proposed zoning law is still under discussion. The Town has placed a moratorium on new mobile homes and new commercial development while their proposed zoning law is under discussion. Variances can still be issued.

The Village of Champlain has had its own zoning law since 1988 but the Village of Rouses Point has so far resisted all efforts to zone, reportedly using the state's SEQR process as a tool to control development. A new Land Use Committee has recently formed in Rouses Point. Neither of the Villages has any formal planning document.

There is no formal requirement for public participation in planning in New York State. There is a requirement that zoning be based on a comprehensive planning process. However, zoning itself need only be approved by the Town or Village board.

There is no planning group actively representing the combined interests of all three municipalities in their shared future. As far as we can tell, with the exception of the IDA/LDC plan referenced below, there has never been an effort to develop a comprehensive vision of the present and future needs of the Town of Champlain inclusive of the two Villages. The IDA/LDC plan is an economic development plan based on a business attraction model. It does not directly address the role of local business development, meeting the needs of low income residents, housing, agriculture and other topics which would find a place in a comprehensive community plan.

"(We need) better planning by the village for development, both commercially and residentially. For example, what kind of businesses are we trying to attract and what kind of housing will be required. They don't have any long range plans."

Yet even brief observation suggests the social, cultural, economic and environmental future of the Town would best be served by utilizing the strengths of each sector of the community to address issues such as public access, water and sewer, tourism development, wetlands utilization, etc. collectively and comprehensively. With groups operating independently in each municipality as well as at the county, state and federal levels, it is now difficult for citizens to have effective input into the planning process.

Planning for Economic Development

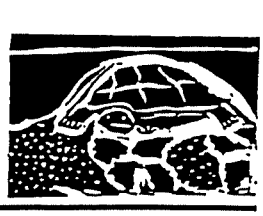
"As of two years ago no board in this community had developed a vision statement or a set of policies. As of last year both the IDA and the LDC have adopted policies. A working five year development plan came out of it." Bill Karstens

The IDA/LDC, according to its five-year development plan, wishes to:

" 1) Substantially broaden the tax base;

2) Increase this community's proportional contribution to sales tax revenues to the state and county;

3) Increase this community's proportional share of sales tax distribution (based on assessed values);



4) Develop resources (water & sewer) to improve the services available to both the existing and new users, residential, commercial and industrial;

5) To create new quality jobs for area residents including, but not limited to, the construction and operational phases;

6) To create and support more recreational opportunities and public amenities."

while avoiding:

" A)Projects which create detrimental environmental, land-use and aesthetic consequences;

B)Threaten existing resources or projects;

C)Remove existing (tax) revenue sources

D)Create unfunded liabilities for either this organization and/or any of the municipalities; and

E)Projects which cumulatively and collectively, substantially and negatively alter the character of the community."

Therefore, the IDA/LDC adopts the following plan:

Component #1 - Support the location of a major mall-type project at or near the intersection of Routes 11 and I-87. *(An outlet mall is currently under construction and due to open in summer 1993.);*[56]

Component #2 - Designate areas for concentrated development efforts. *(Two industrial parks, an existing park in the Village of Rouses Point and a proposed park next to Kimpex in the Village of Champlain have been designated.);*

Component #3 - Establish and maintain critical infrastructure availability. *(The IDA/LDC Executive Director is working with the sewer and water planning group, providing projections of need over the next 5, 10, 15 and 20 years.)*

Component #4 - Seek public amenities projects (i.e. hotels, motels, restaurants, theaters, etc.).*(The assumption is that the location of the outlet mall will stimulate this sort of development. No real plan is in place to guide its location or impact on the character of the community.);*

Component #5 - Use infrastructure availability to enhance our ability to attract suitable light industry and the most high quality jobs. (*This assumes capacity to develop appropriate infrastructure and emphasizes a business attraction approach to development.)"*

This economic development vision of the Town of Champlain sees Canada as the main engine of growth and Champlain as an industrial pilot site suburb of Montreal. The development of recreational amenities are viewed largely as inducements to further business growth. Business attraction is seen as the main avenue to broaden the tax base, increase assessed value and therefore capture a proportionally larger share of sales tax distribution from the county. In practice, tax breaks are given to new businesses to induce them to locate in the community.

The IDA/LDC plan represents a formalization of the de facto approach to economic development within the community for the last ten years. It has achieved mixed success, particularly when measured by the standard of increased assessed and "taxable" value.

In 1989, the tax roles listed 14 manufacturing properties for a total value of $35.6 million, with

[56] Italics added.

the majority represented by the Wyeth-Ayerst plant in Rouses Point. In 1992, 16 manufacturing properties were included in the rolls, but their total combined value dropped to $31 million. This represents a decline in value of 15% over a period when all other properties on the roll increased by an average of 49%! Some of this decline is attributable to the loss of Harris Graphics, and the net addition of two manufacturing properties in a period of general economic stagnation is a notable accomplishment. However, the short term picture is even less bright when tax exemptions are considered.

Time limited tax exemptions are a common "carrot" offered by communities seeking to attract new businesses. For industrial properties, exemptions take the form of LDC/IDA tax abatement arrangements with the companies owning and occupying these buildings. The terms of these contracts postpone payment of property taxes for a period of years, then provide a schedule of increasing payment to 100% of the tax obligation. In 1989, 6 abatement contracts were in place; 4 businesses paid no town or village property taxes that year, while the remaining 2 paid 25% of their full tax assessment. In 1992, 9 contracts were in place: 3 paid nothing, 4 paid 25%, one paid 40% and one paid 50%. Not until 2002 are more than 5 manufacturing properties scheduled to pay their full tax.

The net effect of industrial property tax abatements, combined with business turnover, has been a reduction in the contributory value of taxable industrial property from $31 million in 1989 to $20.2 million in 1992 -- a decline of 53%. The proportion of the tax roll in industrial property fell from 22% to 11% over the period 1989 to 1992, forcing a greater share of the tax burden onto other property classes.

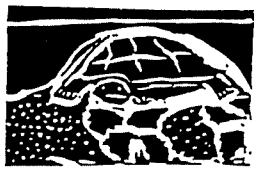
While the argument can be made that without the tax abatement program, fewer industries would be attracted to Champlain and there would be an even larger decline or smaller rate of increase in both assessed and taxable property values over time, it is still worth noting that the economic development approach chosen by the community has shifted the tax burden away from industrial properties in the short to mid term.

Some residents are concerned about long term costs as well. Residents complain abatement contracts are too easily renewed or rolled over when a building is sold, the quantity and quality of jobs created is not commensurate with the cost to the Town, and companies lured (in part) by the abatement sometimes go out of business leaving all taxes unpaid.

While these problems are typical of an attraction based development model, they seem especially notable in Champlain where the attraction model is not only dominant but virtually the only focus of economic development. Alternatives to attraction include focus on business retention, business start-ups including homegrown businesses, business growth through value-added, and sectoral development such as tourism or agriculture.

Why Not Comprehensive Planning?

The IDA/LDC plan does not address the central issues of public access, the role of agriculture, opportunities for low income residents, or many of the water quality related problems identified in this report. Nor does it delineate the balance the community is seeking between serving others and serving themselves. It also fails to grapple with the very real fiscal implications of land use change, and with the opportunities to create conscious connections between the different economic sectors to maximize the welfare of the community. These are all issues comprehensive economic development planning would address.



The lack of comprehensive planning in the Town of Champlain and in Northern New York as a whole, can be traced to a variety of influences needed by key informants .

"Towns give no thought beforehand to utilities to support residential development. There is a well and septic system on each property. Then, when they have problems, they put in utilities. There is no real utility planning."

Towns don't do planning because of the cost of planning. Without the population base they can't afford it."

"People who need to come into the planning process are low income. Sometimes the anti-planning people control the process. Lots of variances are granted."

"Clinton County is very short of data resources for communities to use in making decisions. We don't know where major aquifers are. Soil information still isn't readily available. There is not a lot on land use and geology. There is no planning process in local communities. There is no paid planning staff anywhere except Plattsburgh. The only work done is zoning. Eleven out of 20 towns have zoning. Six of the eleven have just developed zoning within the past three years. "

In each case, zoning has been adopted in the face of a perceived threat ranging from increasing numbers of mobile homes, to marinas, to a medical waste incinerator facility.

Professionals within the region who do have expertise in land use planning operate almost exclusively within the Blue Line of the Adirondack Park. Very little time is spent on issues or in communities outside the Park. Only one land use planner has worked with communities outside the Park in Clinton County who have adopted or are struggling to adopt zoning. Communities outside the Park have none of the technical assistance and/or grant incentives to pursue planning activities.

Finally and forcefully, individuals and therefore communities are reluctant to get involved in any land use control programs because of the historical legacy of the Adirondack Park Agency. The APA is perceived to be an organization controlled by hard line anti-people environmentalists imposing unnecessary and costly restrictions on the use of private land, stymieing economic growth and undermining individual property rights. The APA is considered by many to be insensitive to the needs of the local population. Fear of "strings attached", loss of local control, and overregulation are raised by the mere mention of zoning, even though communities outside the Park are not subject to APA regulation.

"There is a basic fear that once you have zoning your property is no longer yours. People have no idea it may enhance your property's value."

Nonetheless, there are increasing numbers who see the wisdom in land use planning. Here is a sample of responses to the question, "What types of changes would you personally like to see in the community in the nest 5 to 15 years?":

"I'm on the land-use committee. We will be finishing the proposal in June. I'd like to see it enforced."

"The more development goes in, the more important zoning will become. Route 11 will slowly turn into Route 3 in Plattsburgh. I'm glad it's happening where I don't have to look at it."

SUMMARY OF WATER-RELATED ISSUES IN THE TOWN OF CHAMPLAIN

A host of water-related issues affect the economy and health of the Town of Champlain. Here we will identify water-related issues by economic sector. Next we will look at how the Lake Champlain Pollution Prevention, Restoration and Control Plan (LCPPRCP) currently under development, may influence the direction of economic development for better or for worse through its efforts to address the quality of the water resource. Key water-related issues by sector are:

Industrial/Commercial Development

* pre-treatment of waste requirements for indi vidual businesses
* toxic clean-up from past activities
* sewer and water infrastructure for industrial parks
* limitations on use of wetlands
* lack of integration between tourism and indus trial/commercial development

Residential Development

* actual and potential septic failure
* subdivision of lakeshore property
* public access to the lake and river
* need to maintain benefits from commercial fishing
* exclusion of low-income residents from lake benefits

Tourism

* need to develop lake and river related tourist activities
* need for revitalization of both villages
* need to improve public access for non-residents
* wetlands limitations

Government

* stormwater runoff
* piling snow by the lake
* sludge disposal
* expanding public sewer and water
* creating public/private partnerships
* maintaining fiscal health
* improving planning and zoning
* improving water quality for drinking and cooking

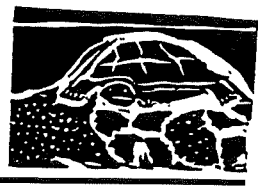
Agriculture

* control erosion
* protect agricultural land and farming as an economic enterprise

Residents of the Town of Champlain recognize the importance of a healthy water resource to their community. Eighty-seven percent of those interviewed think maintaining a healthy water resource is either "extremely" or "very" important. In fact, many support the type of pollution controls, such as higher standards for discharge at the Ticonderoga paper plant, they feel have already resulted in a healthier lake. Seventy-two percent were able to identify one or more of the forty or more water-related problems noted in this case study. The question then is how best to mobilize available resources to address the problems without unduly limiting present and future economic growth in the community.

POTENTIAL IMPACTS OF THE LCPPRCP

Any regulatory action undertaken by the Lake Champlain Basin Program without the support of communities is likely to divert precious resources to resistance rather than positive action. Given the recognition of the importance of a healthy water resource on the one hand, and the existence of real and potential water-related problems on the other,



what impact will the pollution prevention, restoration and control plan have?

Since the plan itself is only in draft form, and the research underpinning it has yet to be completed, the answer to that question must be tentative. By "matching" the areas the plan intends to address with the water-related issues identified in the Town of Champlain, we can begin to trace areas of potential positive and negative impact.

The Lake Champlain Pollution Prevention, Restoration and Control Plan (LCPPRCP) is expected to address five major areas: water quality; living resources; human component; support studies, data and monitoring; and implementation.

Water Quality

The water quality issues addressed by the plan include: nutrients; toxic contaminants; pathogens; sediment; lake level and water quantity. Each of these issues has relevance to the Town of Champlain.

For example, nutrient problems are often associated with "weed" growth. Algae blooms, in particular, have been associated with excessive phosphorous. "Weed" growth, particularly around the shore area of Point au Fer has become a problem for property owners in recent years. If not addressed, it is likely to cause a decrease in the rate of increase in property values as well as a decrease in the quality of life of camp owners and users. If research on phosphorous loading is successful and interventions are developed that will eliminate or reduce unwanted "weed" growth, the impact on camp owners and on the Town's tax base will be positive.[57]

However, if the main "culprit" is identified to be non-point source pollution from agriculture, and the array of existing programs are deemed inadequate, it will be important to develop interventions that do not undermine the agricultural economy of the region, including that of the Town of Champlain. While farmers have been able to reduce application of nitrogen as a result of better manure management practices, their need to apply phosphorous has, in some instances, actually increased. There is a danger that regulation will dictate practices that are either unworkable in terms of achieving production or too costly to adopt. The Kiplinger Agriculture Newsletter recently suggested this may be the direction the EPA is heading under the Clean Water Act. It would be a mistake.

New nutrient standards, particularly for phosphorous, will also increase the cost of monitoring and operating the public water and sewer systems in each village. This, combined with other actual and anticipated mandates on chlorine contact time, emergency planning, lead and copper, organics and inorganics, etc. may create costs prohibitive for a small rural community. If this is the case, the question of who pays and when exemptions can be granted will have to be carefully addressed.

The issue of toxic contaminants is already being addressed in Champlain, both at the old landfill and at businesses with potential to pollute. Here the challenge is to create incentives to develop and introduce cost-effective technologies to control toxics that will not break the backs of existing businesses. If a rigid regulatory approach is adopted without sensitivity to business economics and the concepts of marginal cost and marginal benefit, such regulation could adversely effect the economy of Champlain and other shoreline towns by creating a barrier to business growth and development.

[57] Other types of aquatic vegetation, such as Eurasion milfoil, may not be caused or effected by phosphorous. A more thorough understanding of the mix of aquatic vegetation in Champlain is needed to determine the appopriate courses of action to reduce unwanted vegetation in an environmentally acceptable manner.

If toxic substances can be reduced on a lakewide basis, fish health advisories could be lifted which would likely have a positive impact on angler-related tourism.

Pathogen contamination is occurring from dumping of raw sewage into the lake from the Rouses Point treatment plant during high water periods, failing septic systems along the lake and river, and contamination of river water by manure. Again, actions taken to limit contamination have potential benefits for the local population which can only be realized if the process of control does not create severe dislocation, particularly of limited income persons.

Sediment in the Great Chazy River is negatively impacting fish propagation on the one hand and boat traffic on the other. There are both short term and long term ways to address this problem. In the short term, attention should be given to lowering the regulatory cost associated with dredging at the mouth of the river. This would open up the river to expanded boat traffic and should attract more boaters to the river marinas as the economy improves. In the long term, the Plan calls for incentives to local governments to minimize erosion and control sedimentation. An effort to transfer low cost technology, such as seeding of appropriate grasses along stream banks, to public and private property owners could involve training of a youth conservation corps that would provide needed summer jobs while providing environmental benefits as well.

Lake level and water quantity issues include "protection" from large withdrawals for industrial, commercial or public use. Depending upon how a "large withdrawal" is defined, this could have substantial impact on the Town of Champlain in several areas. First, Wyeth-Ayerst, the largest employer in Clinton County, uses substantial amounts of water from the lake. Second, in expanding the existing public water system for the community, many people would like to see lake water piped to the Village of Champlain and, perhaps, beyond. Restrictions on water withdrawal could, therefore, severely effect development patterns in the community, forcing increased reliance on lower quality groundwater on the one hand and limiting future industrial development on the other.

Stronger floodplain regulations could impact the revitalization of Champlain Village, particularly if such an effort were to include development of amenities on or near the river which has a history of flooding[58]. Again, it will be important to assess the economic impact of regulation more thoroughly and to build into the regulatory structure opportunities for inventive approaches to achieve stated goals.

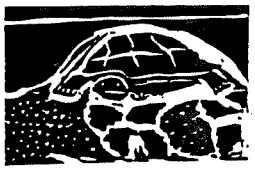
One of the most important tools in achieving and sustaining acceptable water quality standards is ongoing monitoring of the water resource. Currently monitoring in Champlain is limited to the public water systems and whatever private individuals choose to do. Champlain and other communities would benefit from development of a community-based monitoring program tied into a community planning and development process to assist in identifying and addressing problems and opportunities on an ongoing basis.

Living Resources

The living resources section of the LCPPRCP covers fish and wildlife; wetlands; and nuisance aquatic plants and animals. Here, too, potential impacts on the Town of Champlain are evident.

Fish and wildlife are an important economic resource to the Town of Champlain. They support recreational and commercial activities and contribute to the diets of local residents. Restrictions on

[58] New development in floodplains is already governed by federal regulations.



fishing or changes in the status of certain fish from commercial to game fish will have an impact on the economy of the area as will coordinating fishing policies between New York, Vermont and Quebec.

While the short run impact of fishing restrictions of various types may be negative, the long run effect, if the goal of a healthy, diverse fish and wildlife resource is achieved, will surely be positive. In formulating a plan to achieve this goal, alternative approaches to maintaining a stream of economic returns from the wildlife resource should be considered. This might include development of wetland areas with boardwalks to facilitate bird watching and hunting, development of fresh water aquaculture business opportunities, exemptions to catch limits for local residents, and expanded fishing guide operations for non-endangered or recovered species.

Wetlands in the Town of Champlain are already heavily regulated by the Army Corps of Engineers, the NYSDEC, and agencies of the USDA. Considering the large amount of wetland area in the Town of Champlain, the regulation of wetlands already has a significant impact on development activity. Virtually all the large scale development activity in the Town in recent years has involved negotiation over the fate of wetlands. The policy of no net loss has reduced the value of land for development by restricting the developable land area. This effects incentives to develop as well as the Town's tax base.

There appears to be a need to: 1) prioritize wetlands that merit special protection (this has been done by the NYSDEC but not by the Army Corps on a systematic basis); 2) provide a system for advance identification of regulated wetlands by developers and others; 3) consider a basin-wide wetland mitigation banking scheme in which a heavily endowed town such as Champlain might become a receiving area[59]; 4)consider whether or not manmade wetlands ought to be included in the no net loss standard. In addition, to the extent possible, non-damaging development of wetland areas to include boardwalks, ponds, etc. ought to be encouraged and standards for such development disseminated where such use would have economic benefit to the community.

The two nuisance aquatics most relevant to the Town of Champlain are the sea lamprey and aquatic vegetation. Efforts by the Lake Champlain Management Conference to limit and/or eliminate either of these are likely to have short and long term beneficial economic impacts.

Human Component

The human component of the LCPPRCP includes: recreation resources; cultural heritage; economics; and human health. Under recreation resources, the Plan will, among other things, research the recreational carrying capacity of the Lake, determine the types and locations of public access sites needed, attempt to improve understanding of recreation use conflicts, and explore innovative funding techniques to enhance public access, including public/private partnerships, - all within the context of preparing a comprehensive recreation management plan for Lake Champlain.

Public access to Lake Champlain and the Great Chazy River is a significant issue for residents and non-residents alike in the Town of Champlain. The Town has demonstrated reluctance to allow the state to development public access sites yet, with the exception of a modest boat launch facility, has so far failed to provide effective leadership in access development for a beach, fishing, picnicking, overlooks and similar activities. One of the stated obstacles to development of public

[59] Mitigation banking is, in itself, a complex topic the details of which are beyond the scope of this case study. It represents one innovative approach to providing development options while still protecting an important environmental resource.

businesses would be negative and two assumed the impact would be positive. This is, of course, a very general question.

When asked about regulation or restrictions on particular aspects of the resource, restrictions on recreational resources would be problem for almost half the respondents although two would favor increased regulation of boating. Restrictions on wetlands were viewed negatively by three businesses, cautiously by three, and positively by two. Thirty or approximately two-thirds were not concerned. An equal number were not concerned about regulations or restrictions on fish and wildlife, and thirty-four (almost three-quarters) were not concerned about regulations or restrictions related to weeds.

The relative lack of concern over the impacts of regulation and restriction on business, combined with considerable concern about the health of water resources in general and their importance to the future well-being of the community suggests the business community at least is open to the possibility of additional regulation and/or restriction. It may also suggest a lack of awareness of the economic significance of lake-related income in the community.

When asked specifically about the role of the federal government in assisting communities in addressing lake and water quality related concerns, key informants in the community expressed a variety of reservations. People are concerned that, if the federal government finances a project, the project will be regulated more closely than if it were not federally financed. People are concerned there will to "too many strings attached" to federal financing and their use of federally financed infrastructure will be unduly restricted.

Another prevalent concern is the time it will take to accomplish projects if they rely on federal financing. The assumption is that federal involvement means delays. Finally, no one in the community really knows what types of federal assistance are actually available, how to access them, and what their requirements might be. Negative attitudes toward federal involvement may be inhibiting people from trying to answer these questions. In the meantime, there are clearly projects, such as expanded sewer and water treatment plants, that the community can ill afford to pay for by itself.

"If some additional layer of regulation may be contemplated, it would stand a better chance of being accepted if the community sees it as something that would be helpful to them in addressing their concerns."

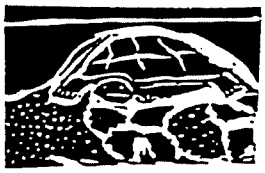
"Restrictions cause some people not to come but some people to come."

"The lake is cleaner now than it was 25 years ago."

PLAN IMPLEMENTATION

In terms of Plan implementation from a community perspective, one tool that is not mentioned in the Plan but which would be of considerable value to communities is a water resource management handbook. The handbook would be designed for the layperson, particularly local government officials and citizen planners. It would identify and define the range of water resource related issues a community may encounter, provide information on the regulatory and institutional framework relevant to each issue, cite model approaches (with contact names and numbers) from communities around the country, and list potential sources and requirements for financial assistance in addressing each type of issue.

Individuals in the Town of Champlain have identified a host of issues and constraints effecting both the water resource and their economic future.



Assistance in meeting challenges related to better planning, investment in business infrastructure, improved public access to the lake and river, development of Fort Montgomery, tourism growth and management could be provided within the context of the Lake Champlain Management Conference to the benefit of the community. These types of initiatives, as opposed to a strictly regulatory approach, are more likely to engage the positive energy and imagination of citizens. Investments in sewer and water systems for an industrial park, pre-treatment systems for industry, historic sites, are all examples of environmental infrastructure. Environmental infrastructure describes investments made to prevent the deterioration of the environment and promote its healthy use.

Where a regulatory approach is chosen, care must be taken to insure that: 1) there is enough money for enforcement, people who make an effort to meet them are not economically penalized for doing so, and 2) the costs of compliance are not so high as to actively encourage non-compliance.

Updates to the handbook, describing progress in watershed planning, new institutional arrangements, legislative initiatives, etc. would be an integral part of this effort. Ideally, workshops for local government officials and citizen planners with seed money to undertake local projects would also be included. The first step would be to identify those groups and individuals in communities throughout the watershed to whom this information would be most useful. As long as a gap remains between knowledge generators (researchers) and knowledge users (local government officials and citizens), the knowledge we do have will not be put to effective use in protecting a resource valued by all.

Communities like the Town of Champlain have shown a remarkable ability to name the water-related problems in their midst. In some instances the Town has been able to address these problems either alone or in concert with state, federal and regional groups. In the areas where problems are not being adequately addressed, the constraints are often political, financial and informational. Often the problem is not well or correctly understood. People don't know where to turn for assistance or, if they know who to ask, they also know they can't afford it. Respecting the preference of local citizens to take care of their own problems when and where they can by giving them the most up-to-date information and access to the most cost-effective tools available, may well result in innovative solutions to problems of today and tomorrow.

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Bruce La Due
Brian La Due
Chazy Hardware
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Pete Lafontaine
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