



REPORT



# Windham County Economic Development Program Annual Report 2016

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*Project Name: Windham County Regional Partner Grant*

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## Executive Summary

The Windham County Economic Development Program (WCEDP) was developed to promote economic development in Windham County by providing funds to stimulate job creation through business start-up, expansion, or relocation, encourage entrepreneurial activity, and strengthen the economic development infrastructure to ensure a strong foundation for transformational economic activity. The primary focus of the program is private sector job creation and retention, and direct support of entrepreneurial activities, followed by support of systems and activities that encourage an entrepreneurial, innovation and business start-up environment and culture.

The program's funds are made available through direct low-interest loans administered and underwritten by VEDA, competitive grants to organizations responding to an annual Request for Proposals, and non-competitive grants and incentives. For-profit businesses must apply for loans. Non-profits and municipalities may apply for loans or competitive grants.

The 2015 - 2016 fiscal year for the WCEDP has been busy. In late August, 2015, a dedicated Project Manager was hired by BDCC to focus on the program, providing active business and community outreach, technical advising, and working to foster entrepreneurial activity. Fund utilization, balance and project types are reviewed below. Of note, the GS Precision expansion project won an award from the Northeastern Economic Developers Association (NEDA) and applications from several technology-based startups serve as highlights. Lastly, the launch of INSTIG8, a program for entrepreneurs and early stage businesses kicked-off in May.

No program is without challenges. Businesses that meet the eligibility criteria are few. At times, projects have many variables that contribute to their inability to progress such as zoning, insufficient equity or collateral, and failed property negotiations. Negative sentiments and confusion still exist in the region about the program, but is dissipating with continued outreach. For the most part, however, the program has had a very positive impact on the region after its first year since the “reboot.”

The Windham County Economic Development Program Advisory Council was formed by the regional partners to provide local and regional input and advice to the Windham County Economic Development Program. The Council is involved in program development and marketing and is responsible for reviewing Letters of Intent to Apply. Incentive projects are developed in partnership between the Council, local, regional and state partners. The Council will also provide annual program reviews and suggest ways to improve and redirect the program. The Council consists of state-funded regional partners and towns with designated downtowns, plus Vernon, as follows:

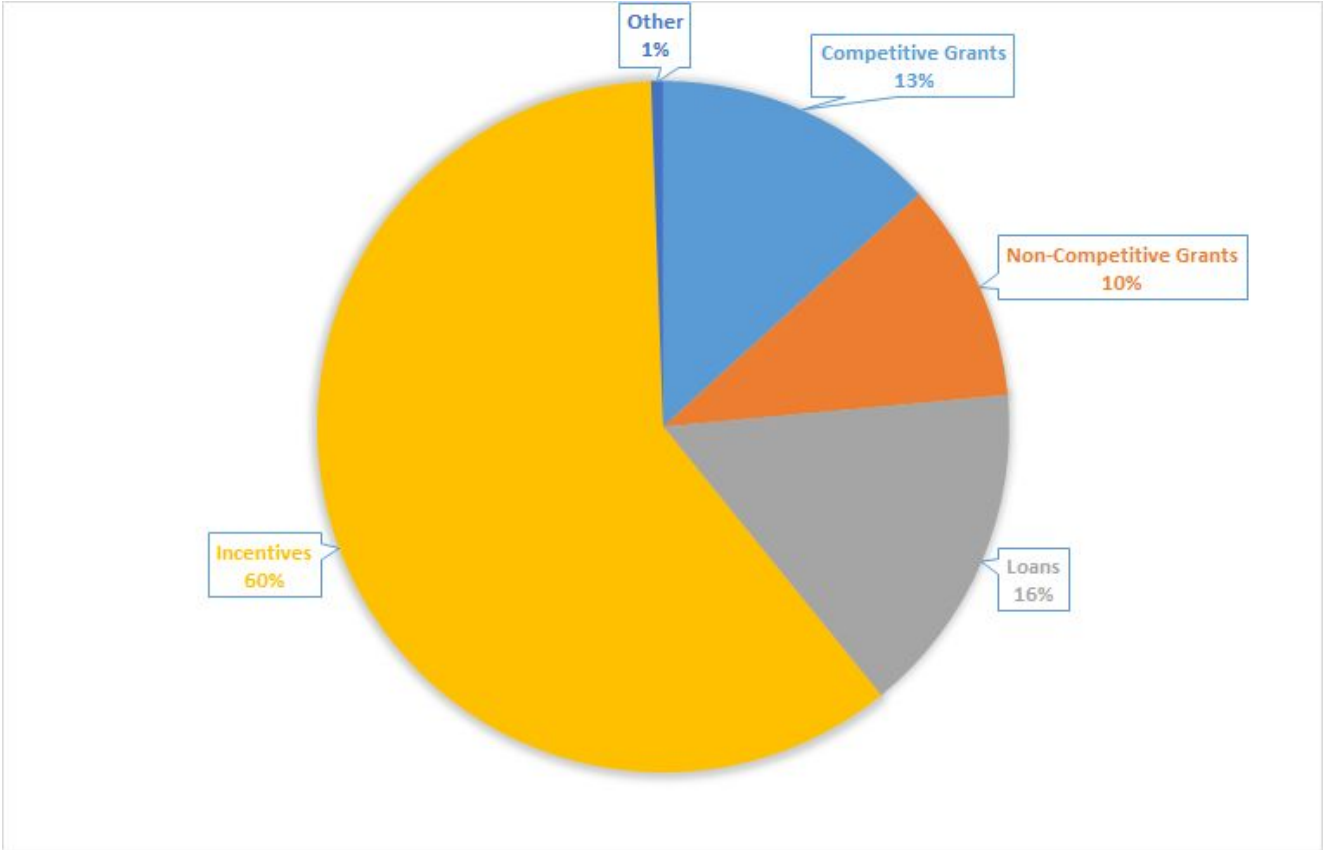
- Adam Grinold, Executive Director, Brattleboro Development Credit Corporation (BDCC), Chair
- Chris Campany, Executive Director, Windham Regional Commission (WRC), Vice Chair
- Laura Sibilia, Director, Southeastern Vermont Economic Development Strategy (SeVEDS)
- Peter Yost, Board Member, SeVEDS Peter Elwell, Town Manager, Town of Brattleboro
- Gretchen Havreluk, Economic Development, Town of Wilmington
- To Be Determined, Town of Rockingham
- Bronna Zlochiver, Selectboard Appointee, Town of Vernon
- Fred Kenney, Executive Director, Vermont Economic Progress Council
- Debra Boudrieau, Regional Advisor, Vermont Small Business Development Center (Non-Voting)

The strategy for implementation of WCEDP is a holistic economic development approach. Focusing on components related to business creation, attraction, retention, and expansion will leverage the funds for the greatest overall impact. The program combined with the Southeastern Vermont Economic Development Strategies (SeVEDS) EDA approved Comprehensive Economic Development

Strategy (CEDS) for the region has provided the region with the tools necessary to leverage other funding dollars and generate economic vitality in the region.

## Utilization

Through June 2016, the fund's utilization was dispersed between competitive grants, non-competitive grants, loans, incentives, and a very small percentage set-aside for potential legal contingencies from servicing loans.



### Categories Explained

- Competitive Grants - Projects submitted in response to the annual Request for Proposals that contribute to the general economic development infrastructure.
- Non-Competitive Grants - Funds distributed to entities to help market and administer the program.

- Loans - Funds distributed to projects that help businesses expand and add economic vitality to the region. As loans are repaid, the proceeds are deposited in a Revolving Loan Fund that will continue to benefit the region well beyond the life of the program.
- Incentives - Funds that contribute to private sector job retention and creation projects in the region that have significant economic impact
- Other - Funds to cover potential legal contingencies for loan servicing.

It should be noted that 75% of the funds have gone to private sector entities that are investing in the region through jobs retention, job creation and capital improvements. To date 25% has gone to non-profits to strengthen the region’s economic development infrastructure.

## Examples

Organization	Category
GS Precision	Retention and Expansion Incentive
Strolling of the Heifers - Windham Grows	Competitive Grant
Vermont Council on Rural Development	Competitive Grant
Brattleboro Development Credit Corp.	Non-competitive Grant
Vermont Small Business Development Ctr.	Non-competitive Grant
SchoolHack	VEDA Loan

More detail can be found here:

<http://accd.vermont.gov/sites/accd/files/Documents/business/wcedp/2016/Webposting%20Information%20082016.pdf>

### JOB CREATION

The most effective method to add jobs to a region is to focus on helping the region’s existing businesses grow. 80% of most job creation is the result of the expansion of existing firms in a region.

## Fund Balance

As of June, 2016, almost half of the fund has been distributed within the region to various projects. This represents a good rate of distribution and with several projects, which vary in size, currently in development the outlook for continued and consistent fund distribution is positive.

Transaction	Credit (\$)	Debit (\$)	Fund Balance (\$)
VY Payments Received	6,000,000		
Payments to Grantees, Borrowers, and Incentive Recipients-As of 6/3/2016		2,801,108	3,198,892
<b>Actual Fund Balance as of 6/3/2016</b>			3,198,892
Remaining Payments for Approved Projects		482,892	2,716,000
Contingency and Previously Committed (VEDA, BDCC, SBDC)		345,000	2,371,000
<b>Fund Balance Based on Current Commitments</b>			2,371,000
Loan Applications in the Queue		1,198,000	1,173,000
<b>Available Balance if All Loans in Queue Approved and All Approved Projects Paid Out</b>			<b>1,173,000</b>

## Making a Difference - Impact

\$4,827,000.00 has been committed from the fund to help grow the economy and offset the jobs lost from Entergy's Vermont Yankee (VY) power plant. Economic development takes time and fully understanding the impact of the program can only be modeled (projected) at this point. Using similar tools that were used to project the impact of VY's loss, impact analysis indicates the region has a positive development trajectory.

**IMPORTANT:** *It must be noted that the data below are projections based on the job creation submitted for each project by the project owners using five year projections. Also, the jobs referenced in this section are working to replace the jobs that have left the region due to VY's closure. These are not new net jobs at this point.*

Of the projects currently active and approved for funding, 480 jobs will be retained. 170 new jobs will be added to firms' payrolls. Indirect jobs are those that are created as a result of expansion of a project such as a supplier or other jobs related to the support of a firm in a base industry. 158 indirect jobs are projected for the current active projects. The total projected employment impact is 808 with a total annual payroll impact of \$38,151,000.00.<sup>1</sup>

Diversification is an element to economic impact that also needs to be considered. Supported projects have included the industry segments of precision manufacturing, economic infrastructure, software development, and the green economy. Future analysis should contain a quantifiable measure that attempts to illustrate the benefits of a more diverse set of firms in the region.

## Next Steps

The outreach work to identify potential firms that meet the program's criteria is ongoing. Well over 60 individual firms and 30 municipalities and business development partners now have a solid understanding of the program and its goals. There were more grant applications in 2016 than in 2015 and there are signs that the applications are becoming more competitive.

Work to implement programming to cultivate entrepreneurship and innovation using a program which has been branded INSTIG8 commenced in May. INSTIG8 is an initiative located in the Windham Region and initially sponsored by the Windham County Economic Development Program (WCEDP). The program strategically fosters a safe environment for creative entrepreneurs to try, fail, learn, build, explore, and connect to other like-minded individuals while developing their business concepts and models.

This activity is in the spirit of WCEDP, as described in the Partner Grant, the role of the Project Manager "...will identify develop, cultivate and stimulate appropriate economic opportunities, especially entrepreneurial activity, business recruitment and business expansion."

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<sup>1</sup> REMI (Reginal Economic Model, Inc.), is an industry leading tool for economic forecasting. (<http://www.remi.com/the-remi-model>)



Moreover, this activity will fill a gap that was identified in the EDA and WCEDP funded business accelerator feasibility study. Findings included:

- good assets in the region
- a traditional accelerator would be difficult
- need to develop critical mass with regional thinking
- need to focus on a network of assets and resources, and
- need to cultivate mentors and entrepreneurs.

Other activities to support entrepreneurship will include networking and pitch events across the county, a start-up weekend, hack-a-thon with a “green economy” focus, and resurrection of the region’s business plan competition.

#### ENTREPRENEURSHIP IS ON THE RISE - FINALLY!

The Kauffman Foundation has recently released a study that indicates entrepreneurial (start-ups) activity is finally on the rise again.

(<http://www.kauffman.org/newsroom/2016/05/the-end-of-the-slump>)

## Contact

It is important that the funds for the Windham County Economic Development Program continue to be distributed to quality projects that help to create, attract, retain, and expand businesses throughout Windham County. Identification of quality projects that fit the program’s eligibility criteria is paramount. Please use the contact information below to communicate and share a potential project.