

Southern Vermont Economic Development Zone Committee Report

**Report to the Secretary of the Agency of Commerce and Community Development, the House
Committee on Commerce and Community Development, and the Senate Committee on Economic
Development, Housing and General Affairs: December 1, 2015**

Foreword

The Southern Vermont Economic Development Zone was created by the Legislature during the 2015 session. The Zone is comprised of the forty-four towns within the boundaries of the Windham Regional Commission and the Bennington Regional Commission. The legislation created a nine-person Southern Vermont Economic Development Zone Committee,¹ which was charged with submitting a report on or before December 1, 2015, to the Secretary of the Agency of Commerce and Community Development, the House Committee on Commerce and Community Development, and the Senate Committee on Economic Development, Housing and General Affairs. The legislation directed that the Report should include proposals:

- (1) To establish an integrated investment strategy for retaining businesses within and recruiting business to the Zone;
- (2) to establish an implementation plan for the Southern Vermont Sustainable Recruitment and Marketing Project created in 2014 and contained in the Windham Region's federally recognized Comprehensive Economic Development Strategy;
- (3) to outline the benefits and obstacles within the Zone involved in integrating internship and career exposure programs, workforce development programs, and young professional activities;
- 4) to propose an organizational and operational structure of a public-private partnership with the mission of aggregating capital and coordinating investment in small- and medium-size businesses located within the Zone; and
- (5) to recommend whether and in what configuration the Study Committee or other group should continue and its mission.

Our Committee's Vision for Southern Vermont

Southern Vermont will be a place that attracts visitors and new residents who will be drawn by not only the beauty of our hills and valleys, but by the energy and excitement that comes from our dedication to building communities, businesses, careers and successful families and lives. We believe that a strong economy is a vital determinant of the quality of life in the region, essential to the household income security of all who live here.

Introduction

Southern Vermont is in trouble. Its population is declining and aging. Tourism has not recovered from pre-recession levels; residential construction is at half the level of 2006; retail sales are down. Between 2000 and 2013, the under 18 population in Windham and Bennington Counties dropped nearly 20%. We must reverse current trends and retain and grow the population, lower the average age, raise the average wage, and promote and embrace greater population diversity. In essence, we need to repopulate southern Vermont. Urgent action is required.

¹ For more information on the Zone Committee including membership, see Appendix H.

The Committee concluded that economic growth in the Zone requires not only strategies that will “retain and attract businesses,” as the legislation directs, but also strategies that will grow businesses. We believe the best way to do this is to focus on expanding existing businesses and to help entrepreneurs and emerging businesses get up and running.

The Committee also recognizes that the Zone has significant assets. The Windham Region Comprehensive Economic Development Strategy is built upon assets to be leveraged, and existing and emerging business clusters to be strengthened, cultivated and grown. The Southern Vermont Sustainable Marketing Strategy is based on what the Zone has to offer to visitors and those who want to move here permanently. Perhaps as important, the Strategy is a reminder of the need to market these assets to ourselves. The Windham and Bennington Regional Plans identify myriad economic, social, cultural, geographic, natural resource and other assets and set forth policies to guide development. Most towns have plans that similarly identify the assets within their boundaries and their vision for their future. The need and opportunity exists for even greater collaboration and coordination among those entities tasked with development within the Zone to continue to identify the assets we have, to build upon those that are strong, to strengthen those that are at risk of being lost, and to promote what we have not only to those outside the Zone but those within it as well.

The Windham Region has begun implementing with urgency coordinated regional strategies and tactics to reverse current economic trends. Windham has undertaken this work through its federally recognized Comprehensive Economic Development Strategy and regional action networks. But the success of the Windham Region will remain limited unless the Bennington Region can act as a partner. Bennington has not yet developed the tools that have enabled Windham to advance. Therefore, we recommend with urgency that the regions develop, in cooperation with the United States Economic Development Administration, a coordinated, Southern Vermont Comprehensive Economic Development Strategy (CEDS).

We recognize that there are multiple critical issues that require attention. While the committee was not able to comprehensively address all relevant issues in this report, we provide an overview of some of the most pressing challenges and opportunities. For example, with an unemployment rate of 4.1% for the combined region, hiring from among the population already present in the region is very difficult. That means that bringing workers and their families into the area is a critical priority, including those who have left but would like to return, but employers in southern Vermont have no collaboration vehicle for recruiting workforce, and existing methods are inadequate to the task.

Other issues include the costs and availability of adequate housing, and a perceived lack of value for taxes; the lack of an investor base and reason to invest; workforce reputation; connectivity; and transportation (in the western portion of the Zone).

Detailed descriptions of all findings and recommendations can be found in the appendices to the report.

The Committee found that challenges include:

- Lack of coordination across the region (particularly in Bennington County)
- Access to capital
- Workforce development
- Housing
- Broadband and cell access/connectivity
- Awareness and marketing
- Limited transportation

There are more than 20 organizations involved in planning, promoting and executing economic development programs in the Southern Vermont Economic Development Zone. There has been a strong and healthy movement towards coordination in the eastern portion of the Zone through the creation of the Southeastern Vermont Economic Development Strategy (SeVEDS), but more needs to be done. Attaining the goal of “retaining businesses within and recruiting business to the Zone” will require a multi-faceted approach. The key word is “integrated”.

The integrated approach that we recommend would:

- organize networks, and align the development efforts already underway through a federally recognized CEDS for the Zone;
- put an effective marketing plan into effect;
- create ways to attract capital investment into the Zone, including new federal dollars;
- bring a combination of public and private resources into the effort to develop the economy, and
- set targets and benchmarks that can be monitored to gauge progress toward objectives.

Recommendation 1: To spur business development in the Zone through an integrated strategy

1A: Create a Comprehensive Economic Development Strategy (CEDS) under the auspices of the federal Economic Development Administration (EDA), covering the Southern Vermont Economic Development Zone.

The CEDS is a formal instrument used by the U.S. Economic Development Administration (EDA) based on a planning process that brings together inputs from a multitude of sources. A CEDS is more than a plan; it identifies population dynamics, assets to be built upon, challenges to be overcome, investments to be made, infrastructure to be built and maintained, and private-public partnerships through which specific actions can be taken.² Equally important, a CEDS can open the doorway to federal funding for economic development in the Zone that far exceeds the capacity of the State of Vermont. The EDA is accustomed to working with regions that are comprised of multiple counties that may even transcend state boundaries. The development of a CEDS that covers all of southern Vermont should be viewed favorably by the agency.

² More detail in Appendix A

The Windham region already has a CEDS.³ The Windham Region CEDS guides the economic policies, strategies, and actions of both the regional development corporation and regional planning commission. Since 2011, the Windham Region Southeastern Vermont Economic Development Strategies (SeVEDS) initiative has attracted over a million dollars in implementation and operational funding from local, state and federal government entities, as well as the Windham region private sector. The Bennington Region does not have a CEDS, but has intended to develop one. The SeVEDS Committee has indicated a willingness to expand the Windham Region CEDS to encompass the entire Southern Vermont Zone area, provided that Bennington County is willing and able to act regionally and to provide matching human and financial resources.

A CEDS for the entire Zone will provide a mechanism to coordinate the work of the chambers and other economic development entities in the Zone, including, for example, the results of the just-completed Northshire Economic Study and the several promotional and marketing efforts underway or planned.

Next steps:

- We recommend that the two Regional Development Corporations and two Regional Planning Commissions work together with SeVEDS and interested parties in Bennington County to create a Southern Vermont Comprehensive Economic Development Strategy (CEDS).
- The Committee recommends that the State of Vermont should provide a \$50,000 grant from the Vermont Enterprise Fund to the Bennington region so that Bennington can develop capacity and do groundwork necessary for the successful completion of a southern Vermont CEDS.

1.B. Improve State interagency communication and cooperation in the Zone.

Southern Vermont would benefit significantly from increased integration at the State level as well. At present, the state government is largely organized into silos, with integration occurring at the top, if at all. Economic development is the charge of the Agency for Commerce and Community Development, but advancing the economy of Vermont requires significant engagement by other agencies, including the Agencies of Natural Resources and Transportation, the Department of Public Service and many more.

Next steps:

- The Committee recommends that the Governor and the legislature improve overall integration and coordination of the actions and policies of the myriad state agencies involved in economic development. Specifically, we recommend the creation— by executive order or legislation – of an interagency council in the Zone that would interface with businesses attempting to move in or grow, thereby creating a simplified approach and streamlining the development process as the Brownfields Economic Revitalization Alliance (BERA) currently does for brownfield sites.

³ Completed in 2013 under the guidance of SeVEDS and the Brattleboro Development Credit Corporation.

1.C. Develop a feasible and sustainable plan to meet Vermont’s 2014 telecommunications goals in the Zone

In the words of the 2014 Vermont Telecommunications Plan, *“the importance of high speed Internet access to Vermonters cannot be overstated. Internet access is a prerequisite to participation in our nation’s information economy.”* The Zone Committee agrees: High speed broadband service must play an important part in our efforts to improve the economy of southern Vermont.

The legislature has set an ambitious goal of universal symmetrical 1 gigabit broadband service by 2024, but there is no strategy or financing plan in place to achieve that goal.

Universal cell phone service is another important part of economic development policy. Cell coverage in the Zone is inadequate, and there is a lack of accurate information about the exact extent of the deficiencies. Current efforts and needs in southern Vermont’s telecommunications are detailed in Appendix C; the Committee’s recommendations are below.

Next steps:

- The Department of Public Service should have a fiber financing plan that meets the 2024 goal ready in draft for comment by December, 2016.
- In developing a CEDS for the Southern Vermont Zone, consideration should be given to creating one or more Communication Union Districts in southern Vermont as a way to “fast track” fiber to the home and businesses in our region, using Vermont FiberConnect or other vendors.
- The “middle mile” capacity of the SoVernet system should be marketed to attract and retain firms and organizations that could best take advantage of that resource.
- The Department of Public Service should expand the mobile device mapping program initiated by the Vermont Telecommunications Authority to present a more accurate picture of cell phone coverage.

1.D. Create incentives and policies that will produce a mix of housing options to attract younger populations and allow older residents to remain in their homes as they age.⁴

For the Southern Vermont Zone to retain and attract businesses and workers there must be an ample supply and a wide variety of housing types for people of all incomes. We have an incomplete understanding of the housing needs and current situation in southern Vermont. There are hundreds of residences – both primary and second homes – on the market and an uncertain number for rent, but little analysis has been done of the match between available housing and the needs of the regional workforce – both current and prospective. However, we do know that southern Vermont’s has a shortage of quality housing for year-round residents. Approximately a third of the housing stock in the region is “seasonal housing,” which translates to second homes, and nearly another one-third of the region’s housing stock was constructed prior to 1940.

⁴ See Appendix C.

Next steps:

- Building on the research and work of the Windham and Windsor Housing Trust in Brattleboro, Wilmington and Bellows Falls, and Shires Housing in the Bennington Region, the Southern Vermont CEDS should undertake a foundational study of the present and future real estate market and the implications for retaining and attracting businesses and new people to the Zone.
- The Southern Vermont CEDS should seek funding to complete water and wastewater needs assessments and wastewater feasibility plans for communities with the desire and the potential to increase density at their centers, and to develop means for financing such plans.

1.E. Identify, support and grow Industry Clusters within the Zone.⁵

A cluster is a regional concentration of related industries in a particular location. As described in *Cluster Mapping*, a project of the EDA and the Harvard Business School:

Clusters emerge naturally in the market process, providing productivity benefits to companies as they grow in size. They become attractive to companies looking for a new location and grow through the performance of companies already located there. Companies in clusters gain access to specialized regional suppliers, service providers, and institutions, and can also benefit from deep pools of skilled employees and shared infrastructure dedicated to their needs.

The Windham Regional CEDS identified several potential clusters in southeastern Vermont, based on the assets in place in the region. Significant work is underway to refine the opportunities and focus resources in those clusters. Preliminary priority clusters in the Windham and Bennington regions include the Green Building and Services sector, technology driven precision manufacturing and healthcare. Food manufacturing and higher education are other promising and growing clusters.

Next steps:

- We recommend that in building the Southern Vermont CEDS that is the core recommendation of this Report, a major effort be made to further identify and support sectors that provide the greatest promise for growing good paying jobs in southern Vermont.
- To encourage the number of visitors to the Zone, there is a need to recognize and connect the cluster of diverse tourism attractions – ranging from outdoor recreation to shopping and entertainment.
- Given the growing diversity of the population of the US, recognize the importance of promoting the Zone to a greater diversity of potential visitors.

1.F. Enhance the arts and cultural community of southern Vermont.

We have paid particular attention to a cluster that is often overlooked: integrating the many arts, culture and entertainment offerings that help define the Zone region, attract newcomers and help retain those already here.⁶ Southern Vermont has myriad arts and culture activities and places of entertainment. However, the challenges facing this community are many. First, to a large extent these

⁵ See Appendix D

⁶ See Appendix E

assets are hidden in plain sight. By their very nature, many are independent of each other and do not see the strength they have in acting together.

There is a need for imaginative, coordinated and effective marketing to bring them to the attention of out-of-state audiences in the big city areas in the northeast. There is also value in identifying what gaps exist not only to better retain and attract working age people, but to also identify new business opportunities in the arts and culture sector. Once attracted to what southern Vermont has to offer, it is to be hoped that many visitors will return and venture further afield.

There is at present an opportunity to be transformative. In the past few years there has been real growth in arts and culture in southern Vermont. Achieving further success, and thereby benefiting Vermont as a whole, will require imagination, leadership, energy and financial support.

Next steps:

- In developing the Southern Vermont CEDS, the arts and cultural organizations in the Zone should be surveyed to develop a better understanding of that cluster and seek to create ways in which they might cooperate to enhance the Zone's reputation as a destination full of extraordinary creative talents and programs.
- Ensure that town and regional plans include an arts and cultural section and policies. Use these plans as a basis for greater collaboration in support of arts and culture, including competitive applications for grants.
- We recommend the establishment, where appropriate, of town arts committees following the example of Brattleboro.
- When, as we recommend, the Southern Vermont Sustainable Recruitment and Marketing program is implemented, it should include an appropriate portion of marketing dollars from the arts, culture and entertainment opportunities in the Zone.

Recommendation 2: Implement the Southern Vermont Sustainable Recruitment and Marketing Project.

Without a comprehensive marketing and recruiting strategy, our area is too often viewed as depressed, with few job opportunities, limited growth potential, and "not much to do" for families, professionals, and young people. Outside investors can see southern Vermont as a monoculture; "miles of nothing stashed in between a few ski resorts," lacking diversity of people, culture(s), and opportunities. There is low scalability potential due to modest and shrinking population size (Vermont's entire population is less than one county in many states).

Post-recession hospitality and retail sales revenues have not rebounded in southern Vermont as they have in some other areas of the state, reflecting very slow recovery in the number of visitors to the Zone.

The Southern Vermont Sustainable Recruitment and Marketing Project was well researched and designed by employers and chambers of commerce across the region and led by SeVEDS, the regional development corporations and regional planning commissions to address two main challenges:

- Bringing workers and their families into the area is a critical priority, but employers in southern Vermont have no collaborative vehicle for recruiting workforce, and existing methods are inadequate to the task.
- While there is some collaborative tourism marketing taking place in the southern Vermont, it is generally limited to local collaboration. There are no collaborative marketing programs that span the Zone.

The marketing project resulted in a recommendation for a multi-faceted marketing campaign aimed at bringing people to southern Vermont, using *“Become a Vermonter – for a weekend - for life”* as the theme. The recommendation was supported by the Bennington and Windham county planning and development organizations, all of the region’s chambers of commerce and a cross-section of area businesses and other organizations. The project has been stalled due to lack of start-up capacity funding. The estimated start-up cost is \$130-150,000 for hiring of a project manager, office set-up and website creation.

Next steps:

- This project should be prioritized for any applicable local, state or federal program funds to finance the start-up of the sustainable marketing program.
- The Governor should approve using the Vermont Enterprise Fund for a \$75,000 grant to Brattleboro Development Credit Corporation to support the advancement of this Zone-wide marketing and recruitment effort, on condition that the grant be matched by an equal amount from the private sector.
- With the joint leadership of the Brattleboro Development Credit Corporation and the Bennington County Industrial Corporation, the Recruiting and Marketing Program should be based on a private-public partnership of businesses, chambers of commerce, economic development organizations and the State of Vermont. Ongoing program costs should be funded by a mix of private businesses, grants, and matching funds, including match dollars from the Vermont Department of Marketing and Tourism for advertising.
- We recommend the Southern Vermont Sustainable Recruitment and Marketing Program be scaled to achieve significant impact, with a minimum \$250,000 annual budget to begin.
- We also recommend the development of a smaller-focused marketing team available to help fledgling businesses develop marketing strategies and help entrepreneurs with technical and research-based approaches to market themselves in the internet age.

Recommendation 3: Integrate workforce, education, internship and career development programs.

The Committee surveyed existing reports on workforce and economic development in the Zone and found many shared problems, but few integrated solutions. No group has yet surveyed existing workforce development efforts to gain a full sense of the problems and opportunities present in the region. Focused collaboration among existing organizations could open pools of resources and talent which are otherwise too fragmented to work optimally. Data-gathering and alliance-making on the scale

demanded by the situation are beyond the committee's scope. This work would be an essential part of the Southern Vermont CEDS.

The Committee found that:⁷

- No comprehensive vision exists for the development of southern Vermont's workforce.
- Many of southern Vermont's young workers lack critical career skills.
- Southern Vermont is not attracting the outside workforce it needs.
- Vermont Career and Technical Education Centers are unable to react in a timely fashion to changing local economies.

Next steps:

- We recommend the Southern Vermont CEDS support the creation of a southern Vermont workforce/education assets and needs map.
- We recommend a multi-region effort to develop a comprehensive visible pipeline approach to integrating employers and employer perspectives throughout the P-20 trajectory, giving students age-appropriate exposure to the world of work—locally and generally—from the very beginning of their schooling.
- The supervisory unions of the Zone should create a system for identifying and responding to workforce demand in the Zone.
- The Windham Region's Internship Program should expand to include apprenticeships for both high school students and mid-career and early career adults. These programs should also be expanded to include the Bennington County Region.
- We recommend creating a local approval process for tech centers. We also encourage increasing flexibility in tech center enrollment. Southern Vermont can be a pilot region for tech center reform.
- We also support continued expansion of dual college-high school enrollment opportunities available to students in the Zone.
- We encourage expanded work by the Community College of Vermont and Vermont Technical College in sponsoring or hosting development workshops in entrepreneurship.
- Recognizing national and regional demographic trends, we encourage employers to create a work environment that reflects the need to recruit and retain a diverse workforce.

Recommendation 4. Create a private-public partnership to attract investment capital to the Zone.

Members of the Committee reached out to several sources of information and opinion to better understand the issues involved in attracting capital and interest in investment to southern Vermont.⁸

Primary internal challenges:

⁷ See Appendix F

⁸ See Appendix G

- Southern Vermont has yet to put forward a strong value proposition or business case for competitive advantage. There is not yet a comprehensive vision, an implementation strategy, and/or benchmarks to measure results.
- We have few relationships with site selection companies.
- We have not yet undertaken a consistent, well-funded recruiting and marketing strategy, as proposed in the Southern Vermont Sustainable Recruitment and Marketing Project.

Primary external challenges:

- There are too few compelling reasons to think of southern Vermont, given the State's lackluster business reputation.
- Without a comprehensive marketing and recruiting strategy, our area is viewed as depressed: few job opportunities, limited growth potential, and "not much to do" for families, professionals, and young people.
- Outside investors often view southern Vermont as a monoculture, lacking diversity of people, culture(s), and opportunities.
- There is low scalability potential due to a modest and shrinking population size.

Capital is attracted to regions with a strong vision, and well-planned and executed initiatives. Much of the work to attract capital to the Zone falls to southern Vermont, but the state has the ability, and responsibility, to help here as well. The Committee has found that there is appetite in the region for investing both in companies to retain them, and in start-ups by investors who take the longer view of the investment.

There is also some potential for "municipal philanthropy," whereby charitable donations might be made to towns with significant debt loads (such as Brattleboro) to reduce town debt, lower taxes and help make the region more attractive.

The Committee believes a formal Southern Vermont Economic Development Alliance or Partnership could attract capital to the Zone if there is a clear commitment to long-term thinking of the total region. There should be one entity with a mutually shared vision and latitude in the tools and instruments used to identify and attain goals. The Southern Vermont CEDS can be an implementing tool for this effort.

This will require rethinking what we are and how we operate; creating a long range five or more year development strategy based on a private-public partnership with targets, benchmarks/scorecard and accountability.

Next steps:

- The Windham Regional Commission and Bennington County Regional Commission will continue to explore opportunities for collaboration and coordination on projects that will benefit southern Vermont as a whole. One example could be promoting transportation access to the Zone, such as the frequent Amtrak passenger rail service from Albany to New York City, which provides convenient travel for business people between southern Vermont and New York, and the proximity of the Zone to major airports in Albany, Hartford, CT, and Manchester, NH.
- Existing entities in the Zone should build and expand on the Southern Vermont Business Innovation Accelerator.
- The regions should encourage more collaborative co-working spaces and programs for entrepreneurs, students, and professionals, building on the model of the Lightning Jar, located in downtown Bennington.
- The regions should draw from the process of US regions that have established economic development alliances, focused entities working as private-public partnerships attracting investment capital to recruit and retain businesses, support entrepreneurship, and attract and retain young professionals and a diverse workforce and entrepreneurial base.
- The regions should explore relationships with area universities and research departments aligned with emerging industries, technologies, and markets, including those outside Vermont's borders.

Recommendation 5: Define the role of the Committee and/or other groups in continuing the work and its mission.

This Report is being delivered to the Secretary of the Agency of Commerce and Community Development, the House Committee on Commerce and Community Development, and the Senate Committee on Economic Development, Housing and General Affairs.

Next steps:

- The Committee will expire on July 1, 2016. Prior to its expiration, the chair will be ready to assist in assembling representatives from Committee to testify before the legislature and to follow up on the Committee's recommendations with the public, the administration, the Agency of Commerce and Community Development and other state agencies.
- The Committee believes that the existing SeVEDS model is the appropriate process to establish a CEDS for the Zone. In order to apply for and successfully complete the Zone CEDS, the Committee recommends that its members from the Bennington region should convene a subgroup to assess potential leaders and points of contact to understand Bennington's interest and ability to partner with SeVEDS and other entities within the Zone to develop the Southern Vermont CEDS. The findings of this subgroup will be provided as an addendum to the Report before the expiration of the Committee on July 1, 2016.

Appendix A: Comprehensive Economic Development Strategy (CEDS)

In response to the purposes established by the statute for the Southern Vermont Economic Development Zone, our Committee has adopted as a core recommendation the development of a bi-regional Comprehensive Economic Development Strategy (CEDS) to build private-public partnerships and actions to improve the economy of southern Vermont. As described by the EDA:

A comprehensive economic development strategy (CEDS) is designed to bring together the public and private sectors in the creation of an economic roadmap to diversify and strengthen regional economies. The CEDS should analyze the regional economy and serve as a guide for establishing regional goals and objectives, developing and implementing a regional plan of action, and identifying investment priorities and funding sources.

While this Report recommends some new initiatives, we also recognize the usefulness of building upon the statutorily-defined structures, organizations, human resources, plans and strategies that already exist. One such existing economic development tool is the Windham Region CEDS, which was completed in 2013 under the guidance of the Southeastern Vermont Economic Development Strategies (SeVEDS) and the Brattleboro Development Credit Corporation. The Windham Region CEDS guides the economic policies, strategies, and actions of both the regional development corporation and regional planning commission. Since 2011, the Windham Region SeVEDS initiative has attracted over a million dollars in implementation and operational funding from local, state and federal government entities, as well as the Windham region private sector. Implementation of three major initiatives outlined in the Windham Region CEDS is underway: development of an integrated workforce center of excellence, a Green Building Cluster Study and the startup and operation of the Southern Vermont Business Innovation Accelerator.

The Windham Region CEDS was developed through direct engagement with the region's business community as well as the general public as a whole. Building the comprehensive strategy embodied in a CEDS was facilitated by the regional planning and development organizations, and is being led by a Strategy Committee which represents the main economic sectors of the region, and includes senior business leaders from those sectors as a majority of the Committee. The balance of the Committee includes public officials, community leaders, representatives from higher education, and private citizens. Clearly, expansion of the highly effective SeVEDS CEDS Strategy Committee is an example of the kind of public-private partnership envisioned for the entire Zone. The Windham Region CEDS is effective until 2019. The SeVEDS Committee has indicated a willingness to expand the Windham Region CEDS to encompass the entire Southern Vermont Zone area provided that Bennington County is willing and able to act regionally and to provide matching human and financial resources.

We know the two regions have much in common when it comes to the myriad economic, demographic, physical, social and cultural elements that inform the development of a CEDS, and the two regions have a track record of effective collaboration. For example, in 2012 a collaborative effort among the Windham Regional Commission, Brattleboro Development Credit Corporation, the Bennington County Regional Commission, and the Bennington County Development Corporation successfully competed for

a \$470,000 Disaster Recovery Grant to support working with individual businesses on recovery from Tropical Storm Irene, on village and downtown revitalization planning and on the creation of the Southern Vermont Sustainable Marketing Strategy for southern Vermont as a whole.

Creating a CEDS for the entire Zone would have the benefit of providing a mechanism to help coordinate the work of the chambers and other entities in the Zone, including, for example, the results of the just-completed Northshire Economic Study and the several promotion and marketing efforts underway or planned. An additional potential benefit a CEDS for the Zone would be improving the competitive position of southern Vermont in its pursuit of resources from the EDA. The EDA is accustomed to working with regions that are comprised of multiple counties that may even transcend state boundaries. The development of a CEDS that covers all of southern Vermont should be viewed favorably by the agency.

We believe the Southeastern Vermont Economic Development Strategies effort (SeVEDS) provides a strong model for a public private organization. Founded by the Regional Development Corporation, Regional Planning Commission, municipalities and CEOs in the Windham Region in 2011, this organization is responsible for the regional thinking, planning, acting, and fundraising that is ongoing in the Windham Region. We recommend that the two Regional Development Corporations and two Regional Planning Commissions work together with SeVEDS and interested parties in Bennington County to create a Comprehensive Economic Development Strategy (CEDS) for southern Vermont. The Committee recommends that the State of Vermont should provide a \$50,000 grant to the Bennington region so that Bennington can develop capacity and do groundwork necessary for the successful completion of a southern Vermont CEDS.

Appendix B: Telecommunications

Over the past five years, over \$175 million in federal funding has been and is being spent to improve internet service in Vermont.⁹ As the Windham Region CEDS states, *“looking around the Windham region today, it is clear that the telecommunication landscape is forever changed. For the first time in our state’s history, we occupy the enviable position of being ahead of the curve in deploying both robust and comprehensive capacity. Connectivity, particularly in concert with other quality of place factors, may prove to be a defining competitive advantage. However, strategies for leveraging this advantage are not fully formed.”* The same conclusion would apply to the Bennington Region.

The legislature has set out an ambitious goal: to achieve universal symmetrical (that is, same speed up and down) 1,000 Mbps (1 gigabit) broadband service by 2024. It is generally agreed that reaching that goal will give a huge boost to Vermont’s economic development efforts. It is also generally agreed that it

⁹ VTel received a \$81.7 million broadband stimulus grant to build a state-wide wireless broadband system called WOW. A federally-guaranteed loan of \$35 million enabled VTel to complete high speed fiber availability to its telephone customers in 14 towns in southern Vermont. With \$33 million in federal funding and \$2 million from the State of Vermont, Sovernet has built a 733-mile fiber optic “middle mile” network (Vermont FiberConnect) that connects to more than 340 “community anchor institutions” (schools, libraries, municipal buildings and the like). Fairpoint has announced it will be receiving \$53 million in federal support over 6 years to expand broadband in Vermont.

will require bringing fiber optic broadband the so-called “last mile” to every Vermont address. The middle mile network of Vermont FiberConnect can play an important part in that work. And the VTel wireless WOW system, while impacted by line of sight issues, can also be part of the solution. But, as the Windham Region CEDS notes, *strategies for leveraging this advantage are not fully formed.*

The cost of such an effort is estimated by the Department of Public Service to be around \$1 billion, but the 2014 Vermont Telecommunications Plan is silent on the subject of strategies and plans to accomplish the financing.

Universal cell phone service is another important part of economic development policy. Cell coverage in the Zone is inadequate, and there is a lack of accurate information about the exact extent of the deficiencies.

The Department of Public Service should make every effort to articulate a plan to fund the cost of achieving the 2024 goal of fiber to every address, giving consideration to the role of private enterprise, municipalities, investors and State institutions, including VEDA and the Municipal Bond Bank. The Department of Public Service should expand the mobile device mapping program initiated by the Vermont Telecommunications Authority to present a more accurate picture of cell phone coverage.

Appendix C: Housing

A healthy economy requires a sufficient supply of housing. For the Southern Vermont Zone to retain and attract businesses and workers there must be an ample supply and a wide variety of housing types for people of all incomes. Communities benefit when employees are able to live close to their workplace, young adults can afford to buy or rent where they want to live, and elderly residents are able to remain in the community where they have family, friends, and history.

Southern Vermont’s housing situation faces some particular challenges. Approximately a third of the housing stock in the region is characterized as “seasonal housing” which translates to second homes, and nearly another one-third of the region’s housing stock was constructed prior to 1940. The region has seen significant losses of multi-family residences, and the gains seen in other multi-unit categories have mostly occurred in resort areas.

While single-family homes may continue to be the preferred type of housing in the region, we need to provide a mix of housing options. There is no “one size fits all” in housing. Some will seek open spaces for agriculture and outdoor recreation. Younger populations will be attracted to housing that is in the center of social and employment opportunities, including quality rental housing. Older people may want to retain their connections to communities, friends and families, or be in locations with easy access to community facilities, shopping and health care.

For the young and older populations, the region’s villages and downtown centers can provide many preferred amenities, especially through housing development located in proximity to employment and transportation, ideally being located in denser settlement areas. More opportunities for ownership and quality rental housing in downtown centers would be welcome and could help add to the diversity of

housing options. However, barriers to this type of development do exist in the form of high costs for bringing older buildings up to modern accessibility codes as well as a lack of public infrastructure in the region's villages.

One way to bring down per unit construction costs is to increase housing density, thus enabling the kinds of compact village centers and downtowns that are a historic tradition in Vermont. A major barrier to this type of development is the availability of public sewer and water infrastructure.

Appendix D: Industry Clusters

Clusters are geographic concentrations of industries and associated institutions, consisting of companies, suppliers, and service providers, as well as government agencies and other institutions that produce similar products, and also provide specialized training and education, information, research, and technical support. They can be for-profit firms or not-for profit institutions. In the simplest definition, a cluster is a regional concentration of related industries in a particular location.

As described in *Cluster Mapping*, a project of the EDA and the Harvard Business School, "Clusters enhance productivity and spur innovation by bringing together technology, information, specialized talent, competing companies, academic institution, and other organizations. Close proximity, and the accompanying tight linkages, yield better market insights, more refined researches agendas, larger pools of specialized talent, and faster deployment of new knowledge. "Clusters exist where the economic activities in a set of related industries in a given location reach critical mass."

The Windham Regional CEDS identified several potential Clusters in southeastern Vermont, based on the assets in place in the region. Significant work is underway to refine the opportunities and focus resources in those clusters. Establishing a CEDS for the entire Zone will expand the identification and support of clusters into the Bennington region as well.

Appendix E: Arts and Culture

Defining arts and culture in its broadest sense and as a single and seamless industry sector, the arts and culture for-profit businesses and non-profit activities in southern Vermont contribute significantly to the unique lifestyle of the region and to its economic health and vitality. Whether as artists and artisans working independently or groups operating together in the performing arts of music, dance and theater, they add high aesthetic and monetary value to southern Vermont, including as attractions for weekend visitors, vacationers and potential homebuyers. For those who choose to live and work away from big city life, Vermont connotes quality, integrity, respect for the environment and a sound sense of place, and arts and culture are an important part of that picture. Furthermore, surveys indicate that entertainment options are significant to the retention and recruitment of working-age people.

The arts and culture sector of Windham county and its economy is large and diverse, with over 1000 individual artists, artisans and performers who make some or all of their living in the arts, crafts and performance arts. In the Cotton Mill, Brattleboro has an active incubator for young businesses and it has

been the start of several successful arts business ventures. In 2010 Windham County embraced 80 non-profit organizations, 40 historical societies, libraries and museums, and some 100 for-profit galleries, sellers of art supplies and other professional and media services directly involved with the arts. It has been estimated that together the non-profit and business efforts in the county have a direct wealth producing product of over \$35 million. Brattleboro has a Town Arts Committee that is well linked with Town government and in 2012, focused on its rich art endeavors, Brattleboro was designated as 'One of America's 20 Best Small Towns' by Smithsonian magazine.

In Bennington County the arts and culture community is healthy and vibrant, but not as well organized as in Windham. There are no town arts committees as such and no mechanism similar to the Arts Council of Windham County. Visitors and homeowners are able to choose from a rich menu of arts, culture and literary options, particularly in the summer, including the Bennington Museum, the Vermont Arts Exchange, Old Castle Theatre, Sage City Symphony, the Dorset Theater Festival, the Weston Playhouse Theatre Company, multiple crafts festivals, and frequent events at Bennington College, the Northshire Bookstore and the Manchester Community Library throughout the year. However, as yet no inventory has been made of the arts and culture assets, both for-profit and non-profit.

Southern Vermont has myriad arts and culture activities and entertainments. From pottery and ceramics, glass-blowing and stained glass, photography and film, cabinet makers and wood workers, artists in oils and other media, instrument makers and repairers, authors and poets to the many involved in the performing arts of theater, music – classical to folk – dance, opera and circus, all participate in creative pursuits that provide enjoyment, jobs and economic income. In addition, through the professional and other services they use, the restaurants, shops and hotels and other accommodations, the arts and culture sector indirectly provides much assistance to other sectors.

However, the challenges facing the community are many. By their very nature, many are independent of each other and do not see the strength they will develop by acting together.

There is much to be said for the establishment, where appropriate, of town arts committees following the example of Brattleboro. Such committees would raise the profile and value of arts and culture to their respective town governments, and could serve as the agents to compile local inventories of arts and culture assets. Town and regional plans should include an arts and cultural section, and the CEDS should address this subject.

Additionally, a substantial number of individuals and many of the organizations and businesses in the arts and culture sector often lack the business experience and expertise to reap the highest return on investment for themselves and their community. There is a need for training, mentoring and business education and support services specifically geared to bring positive returns. This effort should be part of our workforce development programs.

Appendix F: Workforce Development and Education

The Committee found that:

- No comprehensive vision exists for the development of southern Vermont's workforce. There are many hardworking individuals and organizations in southern Vermont striving to address the region's broad workforce concerns, but their efforts suffer from a lack of coordination in resources and services between and within the two counties. We also need to understand what workforce training Vermonters may be seeking and obtaining in the adjoining states of Massachusetts, New Hampshire and New York.
- Many of southern Vermont's young workers lack critical career skills. Employers in Bennington and Windham Counties report that they find it difficult to fill open positions, citing applicants who come to them lacking core skills including ability to communicate well in speech and writing, reading for information, personal initiative and dependability, personal appearance, problem solving, customer service, and technical aptitude. These are large categories of learning which must be taught over the course of students' time in school and likely extend into post-schooling careers.
- Southern Vermont is not attracting the outside workforce it needs. The region's employers also have trouble attracting and retaining qualified candidates from outside the two counties. Barriers to those who might wish to move to southern Vermont include scarcity of attainable housing (including quality rental housing), perceived lack of employment opportunities for would-be workers' spouses, and lack of information about living and working in the region available online. In the Windham Region, there is evidence that employers are utilizing hiring services based in New Hampshire rather than in Vermont.
- Vermont Career and Technical Education Centers are unable to react in a timely fashion to changing local economies. The 17 Vermont Career and Technical Education Centers, including centers in Bennington and Brattleboro, serve high school students and adults in their respective regions. The tech centers, generally speaking, are slow to adapt to the changing local economies across the state due to a burdensome Agency of Education approval process regarding modifying or introducing new curricula.¹⁰ While there is more flexibility on the adult side, populating and sustaining those programs has proved to be difficult. The high school population offers a higher probability of success in developing a future workforce, but the regulations are more difficult and time consuming regarding new or modified curriculum at that level. This has created a negative incentive for tech centers to react to local workforce needs. Additionally,

¹⁰ For example, the Bennington Technical and Career Center's building trades class constructs wooden sheds for Habitat for Humanity homes. Vermont Timber Frames, a growing local business in Bennington, offered to show the students how to timber frame some of the sheds, with the idea that this would contribute to the local workforce strategy. Six months later, the modification to the curriculum is still ensnarled in the state approval process.

high school students are currently unable to move easily (or at all) between educational opportunities in the tech centers and educational opportunities in local high schools and other school environments. We recommend significant tech center reform so that communities can maximize this important resource. Southern Vermont can be a pilot region for tech center reform.

Workforce development is more than education. We need to ensure that employees in southern Vermont are able to build sustainable livelihoods in the region. In order to advance a culture of livable wages, we recommend collecting information on the benefits that increasing compensation can bring to individual companies and the regional economy, as well as comparative data on how the Zone fares compared to its surrounding area. One first step might be to seek out trade groups, educational institutions, and state-sponsored forums to discuss raising wages with southern Vermont businesses.

- As a first step, we recommend the Zone CEDS support the creation of a southern Vermont workforce/education assets and needs map.. Comprehensively survey the Southern Vermont Economic Development Zone and map all existing organizations, programs, and assets that can be utilized to develop the workforce. Also identify what resources the workforce and employees are utilizing outside of Vermont, and any significant gaps that remain. Make this map available to those working to develop the region's economy, to serve coordination of strategic planning and program provision as well as pooling of resources.
- We see a need to increase work awareness into the school systems of the two counties. Research shows that many students who drop out of high school have already begun their movement toward this path in middle school. Southern Vermont should explore early interventions to retain students and expand the academic and career possibilities they can see for themselves. Building off of the emerging work in the Windham Region with their four middle and high school programs as well as some existing programs in the Bennington Region, we recommend a multi-region effort to develop a comprehensive visible pipeline approach to integrating employers and employer perspectives throughout the P-20 trajectory, giving students age-appropriate exposure to the world of work—locally and generally—from the very beginning of their schooling. Southern Vermont could be a leader in this approach.
- We believe there is valuable work to be done to strengthen the relationship between employers and schools. The supervisory unions of the Zone should create a system for identifying and responding to workforce demand in the Zone. This could take the form of a regional convening of education and business representatives to discuss need and opportunities in the workforce.
- We recommend expansion of the Windham Region's Internship Program to include apprenticeships for both high school students and mid-career and adult. These programs should also be expanded to include the Bennington County Region.
- We recommend creating a local approval process for tech centers. Simplify the process by which tech centers may change and add to their curricula to allow for new private-public partnerships in workforce training, especially at the high school level. We also encourage increasing flexibility

in tech center enrollment. Training in valuable technical skills should not be a resource limited to only those students who transfer out of high school and into Career and Technical Education Centers. The Committee would propose that the state of Vermont reevaluate the tracking system which currently structures technical education, and examine options for making tech centers a resource to be drawn on concurrently with students' high school education.

- We also support continued expansion of dual college-high school enrollment opportunities available to students in the Zone. This will allow for a broader scope of educational opportunity for high school students, give them better ideas of what college can be like and how they might fit into a postsecondary environment, and allow them to get head starts on their prospective college careers.
- Enhancing entrepreneurship is also part of workforce development. We encourage expanded work by the Community College of Vermont and Vermont Technical College in sponsoring or hosting development workshops in entrepreneurship.
- Recognizing national and regional demographic trends, we encourage employers to create a work environment that reflects the need to recruit and retain a diverse workforce.

Appendix G: Encouraging More Capital Investment in Southern Vermont

Members of the Committee reached out to several sources of information and opinion to better understand the issues involved in attracting capital and interest in investment to Southern Vermont. We summarize our findings as follows:

First, there are internal challenges: There is not yet a comprehensive, compelling vision, an implementation strategy, and/or benchmarks to measure results. Southern Vermont has yet to be known for a strong value proposition/unique sales proposition/competitive advantage. We have few relationships with site selection companies, and as noted elsewhere in this Report, although there are many good first steps, we have not yet undertaken a consistent, well-funded recruiting and marketing strategy.

Other issues include the costs and availability of adequate housing, and a perceived lack of value for taxes, the lack of an investor base and reason to invest, workforce reputation, connectivity, and transportation (in the western portion of the Zone). Too often, there have been demands for "quick fixes" and proposed academic versus business-based solutions.

The external challenges start with the problem that there are too few compelling reasons to think of southern Vermont, given the State's lackluster business reputation. Without a comprehensive marketing and recruiting strategy, our area is viewed as depressed: few job opportunities, limited growth potential, and "not much to do" for families, professionals, and young people. Outside investors often view southern Vermont as a monoculture; "miles of nothing stashed in between a few ski resorts," lacking diversity of people, culture(s), and opportunities. And there is low scalability potential due to modest and shrinking population size (Vermont's entire population is less than one county in many states).

The Committee has found that there is some appetite in the region for investing in companies to retain them and in start-ups by investors who take the longer view of the investment (e.g., Eastern New York Angels, Fresh Tracks Capital) if government administration were limited and the investments were as Reg D or private placements, avoiding need for SEC registration.¹¹ Local banks will need applications for specific projects; a limited number of other investors will look at broader opportunities. In all cases it depends on a rigorous plan.

There is also some potential for “municipal philanthropy,” whereby charitable donations might be made to towns with significant debt loads (including Brattleboro) to reduce town debt, lower taxes and help make the region more attractive.

The basic question is whether a formal Southern Vermont Economic Development Alliance or Partnership would attract capital to the Zone. The Committee believes the chances are good if, but only if there’s a commitment to seeing the glass as half-full by thinking of the total region and thinking long-term. There should be one entity with a mutually shared vision and latitude in the tools and instruments used to identify and attain goals.

It will require rethinking what we are and how we operate; creating a long range five or more year development strategy with targets, benchmarks/scorecard and accountability. It has to be an initiative that private sector resources buy into and help fund, impeccably packaging the region’s assets, and focusing on markets and opportunities.

Appendix H: Legislative Mandate and Zone Membership

The law establishing the Zone states that *“the General Assembly does not intend that the Zone in current or future years will be a recipient of General Fund appropriations. Rather, the intent of the Zone is to coordinate targeted investment through public-private partnerships from other funding sources if available and to facilitate economic growth through regional cooperation”*. Recognizing this restriction, the Committee believes the recommendations for \$50,000 to accelerate the creation of a Comprehensive Economic Development Strategy for the Zone and \$75,000 to match an equal amount of private support to implement the Sustainable Recruitment and Marketing Program are appropriate candidates for support from the Vermont Enterprise Fund.

The Southern Vermont Economic Development Zone Committee is charged with *assisting “the General Assembly, the Governor, and partners within the Zone in establishing a replicable framework for regional cooperation by and between public sector and private sector partners concerning economic development initiatives; workforce training, retention and recruitment; and sustainable business investment”*.

The Committee was not provided with funding; the public members served without compensation or reimbursement of expenses.

¹¹ We understand that the Securities Division of the VT Department of Financial Regulation is working on more flexible regulations to allow Vermont’s citizens to invest in Vermont companies; that will help.

The Committee members are:

- Governor's appointee: Wayne Granquist, Weston (Committee Chair);
- Speaker's appointees:
 - from Bennington County - Michael Keane, Bennington;
 - from Windham County - Lisa Sullivan, Wilmington;
- Senate appointees:
 - from Bennington County - Dr. Mariko Silver, Bennington College;
 - from Windham County - Tom Cain, Brattleboro;
 - from Brattleboro Development and Credit Corporation - Adam Grinold;
 - from Windham Regional Planning Commission - Chris Company;
 - from Bennington Regional Development Corporation - Peter Odierna;
 - from Bennington Regional Planning Commission - Bill Colvin.