



REPORT



Windham County Economic Development Program Annual Report 2017

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Project Name: Windham County Regional Partner Grant
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TABLE OF CONTENTS

Executive Summary	2
Utilization	4
Fund Balance	7
Making a Difference - Impact	7
Next Steps	8
Contact	9

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.

Vermed, a medical device manufacturer in Rockingham, received a \$200,000.00 incentive in an effort to retain jobs in the region in 2015. In early 2017, Vermed announced that it will be leaving the state. the state was able to reclaim \$119,000.00 of WCEDP funds due to the company's inability to meet the agreed upon performance measures associated with the incentive. Any projections referenced below will not include Vermed's wages or jobs as part of the impact assessment.

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:

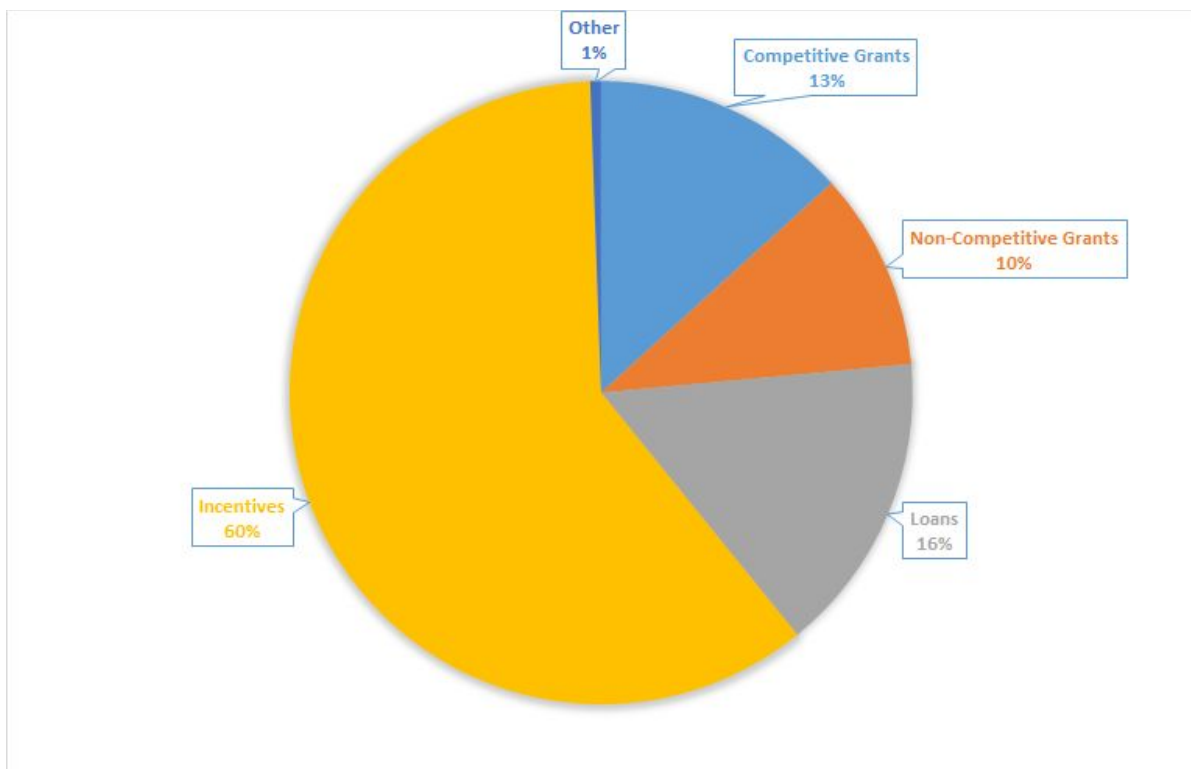
- Adam Grinold, Executive Director, Brattleboro Development Credit Corporation (BDCC), Chair
- Chris Campany, Executive Director, Windham Regional Commission (WRC), Vice Chair
- Laura Sibilia, Director, Southeastern Vermont Economic Development Strategy (SeVEDS)
- Peter Yost, Board Member, SeVEDS Peter 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
- Brett Long, ACCD, Executive Director, Business Support & International Trade
- 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 2017, 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.

2016

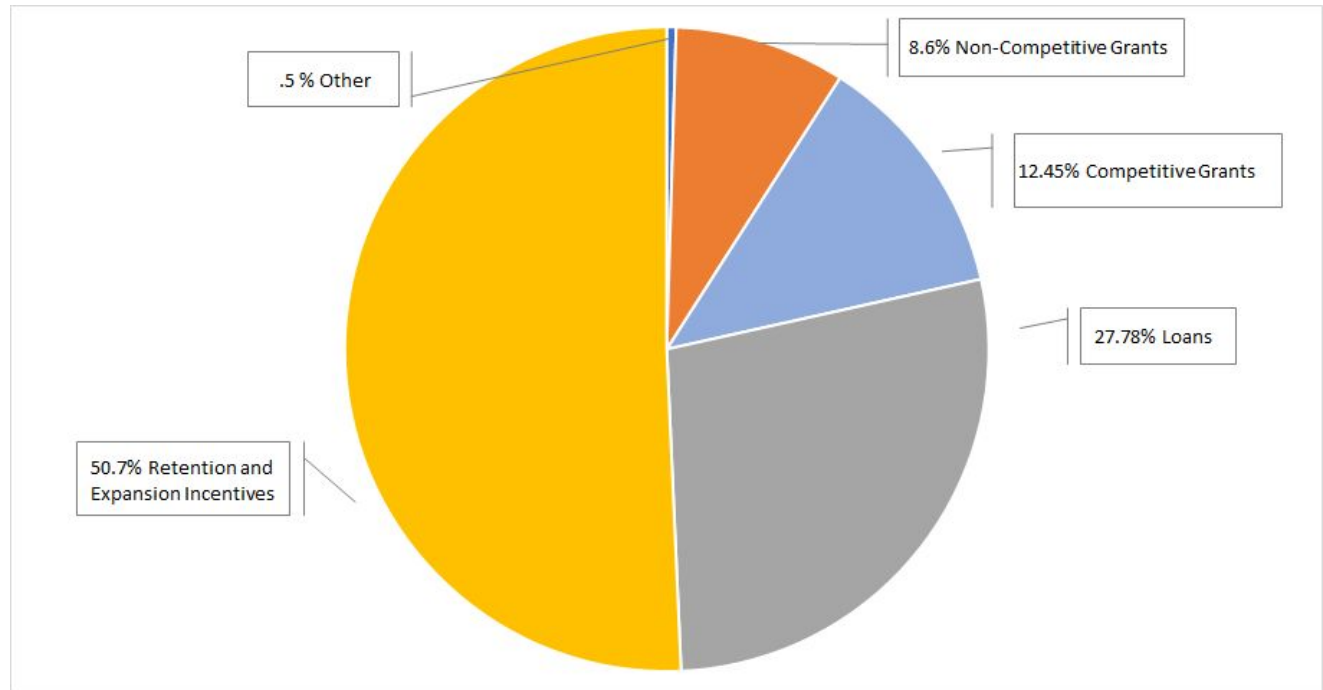


Christophe Gagne and Avery Schwenk of Hermit Thrush Brewery

WCEDP Project: Expansion of the brewing operations in Brattleboro, VT.

"WCEDP is great! Our project wouldn't have been possible otherwise. Community focused revolving loan programs like this help keep the American Dream alive, and we're proud to be a business expanding in Vermont." - Christophe Gagne

2017



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 83.9% 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 16.5% of the program's funds have gone

to non-profits to strengthen the region's economic development infrastructure.

The table below illustrates the various industries that have accessed the program in some form using the categories referenced above. Diversification is an element to economic development and impact which leads to a more robust regional economy. Supported projects have included the industry segments of precision manufacturing, economic infrastructure, software development, and the green economy.

NAICS Code	Description
236115	New Single-Family Housing Construction
51121	Software Publishers
711190	Other Performing Arts Companies
454111	Electronic Shopping
312120	Breweries
336413	Other Aircraft Parts and Auxiliary Equipment Manufacturing
333314	Optical Instrument and Lens Manufacturing

Fund Balance

As of June, 2017, 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	8,000,000		
Payments to Grantees, Borrowers, and Incentive Recipients-As of 6/3/2016		5,505,865	2,495,135
Actual Fund Balance as of 6/3/2016			2,495,135

Remaining Payments for Approved Projects		150,000	2,344,135
Contingency and Previously Committed (VEDA, BDCC, SBDC)		217,000	2,127,135
Fund Balance Based on Current Commitments			2,127,135
Loan Applications in the Queue		575,000	1,552,135
Available Balance if All Loans in Queue Approved and All Approved Projects Paid Out			1,552,135

Making a Difference - Impact

2016 Starting to Feel the VY Closure Impact

The data shows a loss of jobs from 2015-2016 and a decrease in regional overall wages, reflecting the first major wave of direct VY layoffs. The 2016 wage drop echoes the 2008 recession. However, because of recent job creation and our CEDS strategies that focus on higher quality jobs and higher wage jobs, the VY layoffs are being offset by underlying gains many of which are the direct result of investments targeted to mitigate the closure impacts. Additionally, growth is taking place within multiple industry segments to foster a more diverse and resilient regional economy.



\$5,872,865.00 has been committed this far from the fund to help grow the economy and offset the jobs lost from Entergy's Vermont Yankee (VY) power plant.

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, 482 jobs will be retained. 169 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. 157 indirect jobs are projected for the current active projects. The total projected employment impact is 773 with a total annual payroll impact of \$38,556,353.00.¹

The loss of Vermed should be noted because the 2016 job projections figures are essentially the same as 2017. The increased loan activity allowed the overall payroll impact to increase slightly by 1.05%.

	2016	2017
Retained Jobs	480	482
New Jobs	170	169
Indirect Jobs	158	157
Total Projected Payroll Impact	\$38,151,000.00	\$38,556,353.00

2016 - 2017 projected impact comparison

Next Steps

As the program matures and awareness has broadened, both the loan and grant programs will become more competitive as the available funds are reduced due to utilization. Further scrutiny will be needed in the assessment of each project so

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

that they meet the requirements of either the grant RFP or loan eligibility criteria. Prospective projects are encouraged to meet with the program's project manager or any of the technical assistance resource providers, (<http://accd.vermont.gov/economic-development/funding-incentives/windham-county>).

Fred Kenney, Executive Director of the Vermont Economic Progress Council was one of the architects of the program and has helped guide its progress and development for the past two years. Due to recent administrative changes at the ACCD, Fred will no longer be working on the program and is replaced by Brett Long, Executive Director, Business Support & International Trade.

Fred will be missed!

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.