



REPORT



Windham County Economic Development Program Annual Report 2018

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Project Name: Windham County Regional Partner Grant

Grant Number: 07100-WCPG-16-0125

Period Covered: July 1, 2017 - June 30, 2018



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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.

This year, two loans and two competitive grants were distributed. The Gathering Place, a non-profit adult day care provider opened a new facility in Dover, VT. Mocha Joe's Roasting Company purchased a building to expand their operations in Brattleboro, VT.

A previous loan for the Brattleboro-based business Cultural Intrigue is in default due to the company closing. The WCEDP Council is currently seeking legal counsel to understand how to best proceed and potentially file legal proceedings to recover the funds.

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:

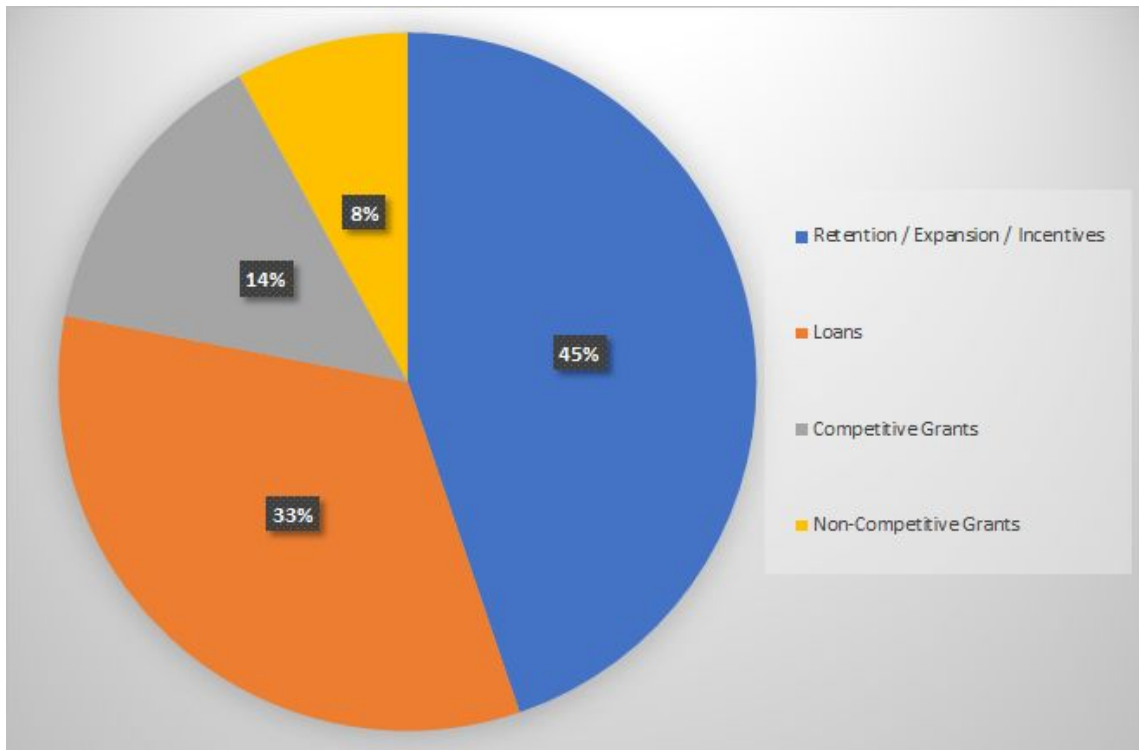
- Adam Grinold, Executive Director, Brattleboro Development Credit Corporation (BDCC), Chair
- Chris Campany, Executive Director, Windham Regional Commission (WRC), Vice Chair
- Laura Sibilia, Director, Southeastern Vermont Economic Development Strategy (SeVEDS)
- Peter Yost, Board Member, SeVEDS Peter Elwell, Town Manager, Town of Brattleboro
- Gretchen Havreluk, Economic Development, Town of Wilmington
- 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 2018, 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.

2018



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 78.03% 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 13.97% 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
311920	Coffee and Tea Manufacturing
624120	Services for the Elderly and Persons with Disabilities

Fund Balance

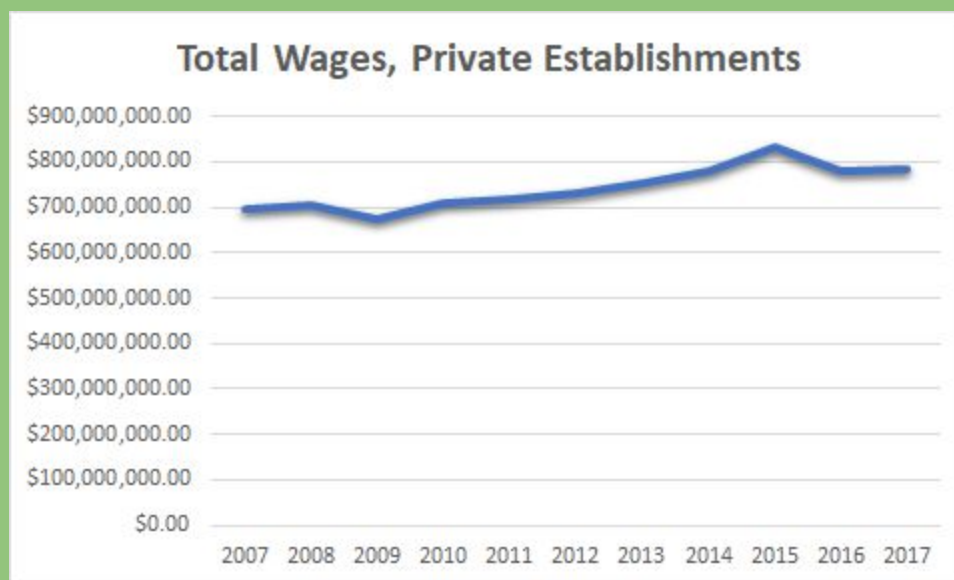
As of June, 2018, almost half of the fund has been distributed within the region to various projects. This represents a good rate of distribution and with several projects, which vary in size, currently in development the outlook for continued and consistent fund distribution is positive.

Transaction	Credit (\$)	Debit (\$)	Fund Balance (\$)
VY Payments Received	10,000,000		
Payments to Grantees, Borrowers, and Incentive Recipients-As of 6/30/2017		\$6,063,865	\$3,936,135
Actual Fund Balance as of 6/3/2016			\$3,936,135
Remaining Payments for Approved Projects		260,000	\$3,676,135
Contingency and Previously Committed (VEDA, BDCC, SBDC)		217,000	\$3,459,135
Fund Balance Based on Current Commitments			\$3,459,135
Loan Applications in the Queue		350,000	\$3,109,135
Available Balance if All Loans in Queue Approved and All Approved Projects Paid Out			\$3,109,135

Making a Difference - Impact

2016 Starting to Feel the VY Closure Impact

The charts below show higher wages in 2015, but then a slight fall 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.



Below in figure 1, the number of private firms have increased steadily since 2014. Figure 2 illustrates a slight increase and average annual wages.

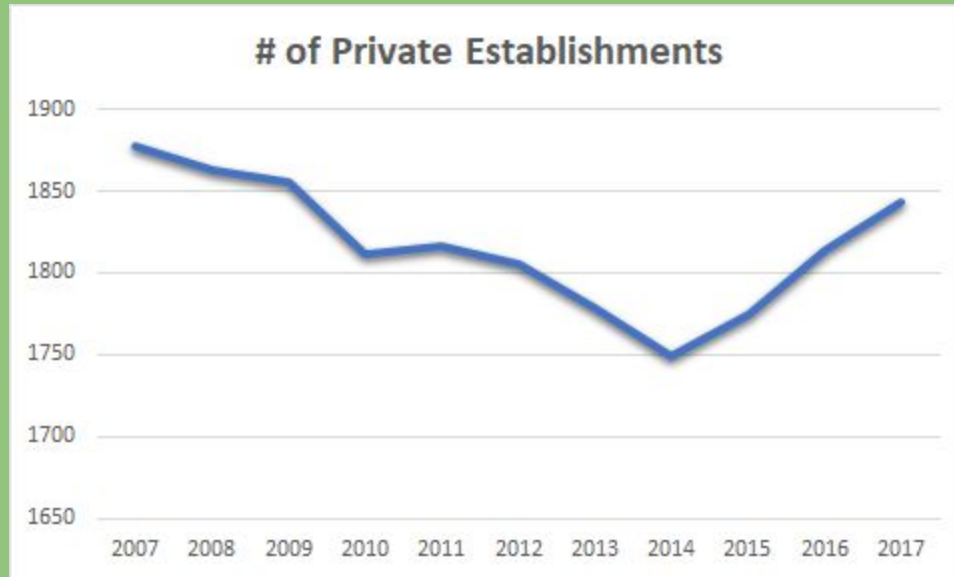


Figure 1

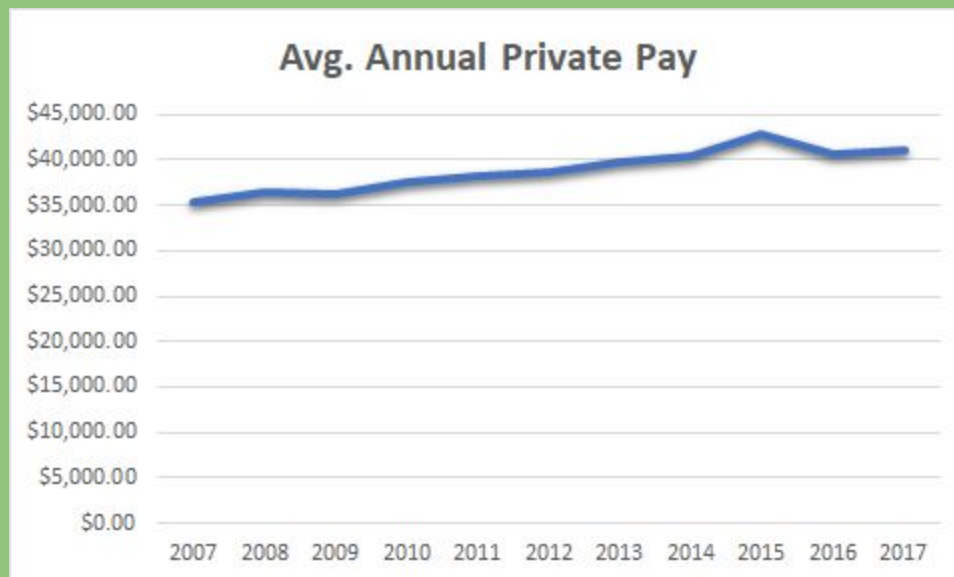


Figure 2

\$6,470,865 has been committed this far from the fund to help grow the economy and offset the jobs lost due to the closure of 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, 473¹ jobs will be retained. 182 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. 149 indirect jobs are projected for the current active projects. The total projected employment impact is 804 with a total annual payroll impact of \$38,365,479.²

	2016	2017	2018
Retained Jobs	480	482	473
New Jobs	170	169	182
Indirect Jobs	158	157	149 est.
Total Projected Payroll Impact	\$38,151,000	\$38,556,353	\$38,365,479 est.

2016 - 2018 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 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

¹ A reduction this year in both retained and new jobs is a result of the loss of the Cultural Intrigue project.

² REMI (Reginal Economic Model, Inc.), is an industry leading tool for economic forecasting. (<http://www.remi.com/the-remi-model>). REMI was used for 2016 & 2017 modeling. 2018 used an averaging model to derive indirect jobs and estimated wages.

or any of the technical assistance resource providers, (<http://accd.vermont.gov/economic-development/funding-incentives/windham-county>).

Program revenue has accrued since the start of the program as a result of loan repayments. Early in 2019, the Council will meet to determine how to best use those funds. At the time of this writing, ~\$200,000 has been received as income for the program.

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.