

Annual Narrative Progress Report - 2003

Executive Summary:

The Aroostook County Empowerment Zone (ACEZ), through the continued work of the Northern Maine Empowerment Council and the staff at Northern Maine Development Commission, made significant progress toward achievement of the principles established with our Benchmarks. It should be noted that this was accomplished without any EZ funding for a second year under our designation.

Our Empowerment Summit, held January 23rd and 24th, 2003, created an exchange of ideas and the motivation to move beyond the existing mind set on rural economic initiatives. As a direct result of the summit, the major electric utility provider, Maine Public Service, became a "Private Sector Champion" and, together with Northern Maine Development Commission (NMDC), formed the Aroostook Partnership for Progress. This partnership will aggressively promote Business Retention/Expansion, Business Recruitment, Community Development and Public awareness to stem the tide of out-migration and improve the economic conditions in northern Maine.

Northern Maine Development Commission (NMDC) staff provided substantial community outreach to assist both the creation and retention of jobs through training for sound, fundamental business practices and product/service marketing. Twenty different training events were offered ranging from customer service to marketing to business plan development.

To further stimulate the visibility and accessibility of job opportunities in Aroostook County, NMDC has taken the initiative of creating a new "jobs" website. The Northern Maine Jobs website will provide the common connection for businesses to recruit new workers and for job seekers to look into the regional job market. There will be advanced search and notification capabilities for job seekers that will, after they register, alert them to job opportunities in the categories that they have selected. This effort provides yet another component for allowing both residents and non-residents of the area to understand what is available in the job market and to entice individuals to come and live in our area.

Finally, NMDC has completed a substantive improvement to our website (www.nmdc.org) and the Aroostook Empowerment Zone website (www.arostookez.org) that greatly improves the visibility and accessibility of program information. Our homepage now displays all of the programs and departments of the organization and more intuitively leads visitors to their areas of interest. Program information, related staffing and the Annual Report are all available and presented in a format that is much more easily understood. The links, both with internal context-sensitive text and through a separate page, are again, much more easily accessed for an improved flow of information to the viewer.

Most Significant Accomplishment:

- The formation of the **Aroostook Partnership for Progress (APP)**, an outgrowth of the Empowerment Summit held in January of 2003 will have significant impact on the economic climate of our region.
- Set-Aside Funding – Grants were obtained from Rural Development (RD) set-aside funds for the following initiatives:

- Small Business Action Portfolios for Job Creation – Benchmark #48 (support for business development, job creation and retention)

RD funding source: Rural Business Enterprise Grant Program (RBEG)

Features:

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| ▪ Small Manufacturing Development Fund | \$50,000.00 |
| ▪ Aroostook Partnership for Progress | \$50,000.00 |
| ▪ OneAroostook business and Marketing Program | \$75,000.00 |
| ▪ Business Development and Counseling | \$150,000.00 |
| ▪ Tourism Development | \$125,000.00 |
| ▪ Northern Maine Pine Tree Zone | \$50,000.00 |

- Business Facilities Fund – Benchmark #48 (support for business development, job creation and retention)

RD funding source: RBEG

Features:

- Creation of a deferred lending program for business building reuse and new business facility construction
\$500,000.00

- Economic and Community Development Service Center support – Benchmarks #54 (region wide programs that support diverse econ. dev.) & #55 (support programs to compliment projects in the EZ)

RD funding source: Rural Business Opportunity Grant Program (RBOG)

Features:

- Support of area-wide community and economic development activities through increased public participation and consistency with other regional strategies
\$50,000.00

- Outmigration Study of Aroostook County EZ – Benchmark #55 (support programs to compliment projects in the EZ)

RD funding source: RBOG

Features:

- Generate data analysis related to outmigration of youth in service center communities as well as general population/demographic changes in Aroostook County
\$50,000.00

- Workshops/Outreach – Staff at NMDC continued to provide opportunities for education and training in customer service, funding prospects from in-state technical programs, and export regulations/requirements. Benchmark #48 (support for business development, job creation and retention)

- NMDC continues to focus on the Internet as one of the primary mechanisms for communicating both the Empowerment Zone program and other programs offered by the Commission. Our home website had a substantial redesign and we are adding a new jobs website to link prospective employers and employees. Benchmark #48 (support for business development, job creation and retention)
- NMDC has provided staff assistance and sponsorship, in the amount of \$15,000.00, to support the hosting of the 2004 World Cup Biathlon event. Benchmark #52
- NMDC, through its association with Aroostook County Tourism (ACT), produced a new tourism promotion publication; The Aroostook Map and Guide. Benchmark #52
- NMDC received a high rating from the Economic Development Administration on its Performance Appraisal in August. This is significant because funding from EDA has allowed much of the progress noted for the Empowerment Zone Strategic Plan. However, we stress that without substantial funding through appropriations for EZ activities, we will be unable to fully implement the Plan. Benchmark #56
- Town of Fort Kent received funding with NMDC assistance for the purchase of an industrial bldg. from a company that closed. This resulted in 150 lost jobs; however, because of the purchase, a new company has now been formed and currently employs 50 with prospect to employ 100 by mid-2004. Benchmark #48 (support for business development, job creation and retention)
- Working with other Economic Development Districts and the local state House and Senate membership, NMDC provided the support for passage of legislation creating the Maine Pine Tree Zones. This means that businesses operating in these Zones, and Aroostook County has been so designated, will have the same tax benefits from state taxes that the EZ provides from federal tax. Benchmark #48 (support for business development, job creation and retention)
- Northern Maine Development Commission is assisting Northern Maine Community College to update a pre-application that had been submitted to the Economic Development Administration in support of a Business & Industry Training Center. The pre-application was submitted a year ago, but requirements have since changed and EDA requested it be resubmitted using the new criteria. This supports Benchmark #38 (workforce training center).
- Aroostook County Tourism and Northern Maine Development Commission assisted the Maine Office of Tourism in conducting a series of regional meetings focusing on nature-based tourism. This supports Benchmark #52 (tourism development).

Community Participation:

The Northern Maine Empowerment Council has made a consistent effort to engage and represent the interests of the region. Continuing NMDC staff involvement with municipalities, health care entities, educational institutions, business and industry leadership, and social service organizations created much of the information that came before the NMEC. In order to bring this information to some conclusion, the Northern Maine Empowerment Council spent two days in February of 2003 in an intensive visioning session to guide the growth of the region and its activities as an Empowerment Zone. The vision will be completed in the coming months. This supports benchmark 56 (administration).

Businesses and communities were very involved in discussing and supporting the expansion of the Aroostook County Empowerment Zone and this also holds true for the issue of funding this program. Please see an expanded outline of these issues in the Problems section of this report.

The governing body, the Northern Maine Empowerment Council, met four times in 2003 and members continued to dialogue with organizations across the region such as town councils, the Maine Potato Board, Loring Development Authority, area hospitals, school superintendents, businesses, and social service organizations. In addition, education sessions were held on a variety of topics ranging from the increase and impact of the aging population in Aroostook to the concerns and activities of the Native Americans in the region.

Methods used to inform the public of activities and EZ information have involved use of the media, public speaking, one-on-one conversations, and the Internet. The public has received information explaining the EZ program, the zone, and funding issues, as well as more targeted information in the workshops listed above.

A major initiative that involved substantial participation by the business community and municipal leaders was the Pine Tree Zone enhancement of tax incentives for Empowerment Zone. A seminar was held in September to inform interested citizens about the creation of these Pine Tree Zones.

Partnerships and Alliances:

There is continued expansion of the contacts and partnerships that form as a result of the area's designation as an Empowerment Zone. The most significant new development is the **Aroostook Partnership for Progress (APP)**.

The **Aroostook Partnership for Progress (APP)** is a grassroots, public-private partnership dedicated to aggressive and effective results-oriented actions that leverage the financial commitments and talents of the private sector in partnership with the public sector. Formed in 2003, APP will implement programs to:

- address the loss of 14,000 people from 1990 to 2001
- create 1,500 new jobs
- attract new investment to our downtowns
- increase growth from existing businesses & entrepreneur activity

The Goals and Objectives of this organization are to:

- 1. Increase Business Activity through the following:**
 - Facilitate the Creation of 1,500 New Quality Jobs by 2007
 - Attract at Least \$50 Million in New Capital Investments
 - Increase the Number of New Micro-Enterprise Start-Ups by 10 Per Year
- 2. Increase Outside Investment through the following:**
 - Increase Tourism Expenditures by at Least 30% by 2007
 - Recruit One Major Film Production to Aroostook County and establish Aroostook County as a Target Region for Film Production
 - Attract a resort development by 2007
- 3. Increase Community Development Activity by working to:**
 - Establish a "Sister Cities Council" to Promote Joint Initiatives and Cooperation Among Communities in Aroostook County and New Brunswick Consisting of the Public and Private Sectors
 - Promote and Establish an Aroostook County Downtown Revitalization Program – **The Aroostook Renaissance Corporation** – Successfully Developing and Funding at Least Three Downtown Revitalization Plans
- 4. Promote Retention of the County's Youth through programs that:**
 - Succeed in Having at Least 20 Businesses Adopt "Career-Based Work Study and Mentoring" Scholarship Programs Impacting At Least 100 Young Adults Annually by 2007
 - Creating an Inter-Faith Initiative Funded by the "Partnership" to Work With The County's Youth Providing:
 - i. Improved Life Skills Training
 - ii. Increased Mentoring and Focus on Futures in Aroostook County
 - iii. Increased and Coordinated Social Activities for the Young
 - iv. Value-Based Career Counseling and Education
 - v. Pooled Home Loan Guarantees for Young Adults

This ambitious program to attract new investment to Aroostook County, to reverse the trend of Out-Migration and to revitalize our Downtowns will require significant financial investment from both private and public sources. The proposed four year budget seeks a \$1.5 million dollar commitment from the Private sector, to be matched by \$1.5 million dollars from the Public sector creating a resource pool of \$3,000,000.00 to accomplish these

Goals and Objectives. Substantial progress has been made in this fund-raising effort. In less than two months, APP has obtained commitments for over \$800,000.00 in funds, \$500,000.00 from private business.

Highlights of NMDC staff activities over the year easily point out the number of collaborations that have occurred in continuing to focus on accomplishing the mission of the Strategic Plan. Examples are:

- Representatives of Northern Maine Development Commission and the Northern Maine Empowerment Council traveled to Washington DC in May to meet with their Congressional delegation. They met with Senator Collins and Representative Michaud on May 7 and with Senator Snowe on May 8. The discussions focused on securing funding for the ACEZ so that progress can be made on the strategic plan. Other topics included expanding the boundaries to include all of Aroostook County and on homeland security opportunities for the region. This supports benchmark number 56 (administration).
- The Rural Empowerment Summit was held January 23-24 at the University of Maine at Presque Isle and was considered a huge success. More than 160 people participated in the event, which was the maximum that could participate given space limitations. Those participants represented a variety of sectors, including education, private business, finance, social service agencies, Native Americans, area citizens, and more. Sponsorships from local and state businesses and organizations allowed the registration fee to be held to \$100 per person and 10 scholarships were awarded to community members that could not afford the fee.
- Organizers of this collaborative effort were Northern Maine Development Commission, the University of Maine at Presque Isle, the University of Maine at Fort Kent, Northern Maine Community College, Leaders Encouraging Aroostook Development, and Maine Public Service. It supports benchmarks 54 (regional programs) and 55(collaboration).
- Houlton Regional Hospital is preparing a federal grant application for equipment and network development for a Telehealth program that would be a collaborative effort between several communities and organizations in the ACEZ area. The three-year grant program would support benchmark number 49 (improve health care) and 55 (collaboration).
- Staff from Northern Maine Development Commission met with representatives of the University of Maine at Presque Isle regarding a Business and Technology Fair that is being held April 28-29, 2003. The event reaches out to area businesses to educate them about the resources that are available to them through presentations, displays, and networking sessions. Services they will learn about include financial services, small business development services, the Empowerment Zone, technological advances, and more. This supports benchmark number 48 (job creation and retention).
- Northern Maine Development Commission assisted Maine & Company, a public/private organization that focuses on business attraction for the state, with a Showcase Maine event March 20-23, 2003. Four site location consultants from Atlanta visited the area so they could learn about and then better inform their clients about the virtues of the area. NMDC staff members organized a meeting to outline the attributes of the area (i.e., economic profile, available buildings, education, etc.). They also took the group on a snowmobile trip. The consultants serve a variety of clients, but focus primarily on call centers and back office operations, both of which are targeted industries for northern Maine. This supports benchmark number 48 (job creation and retention).
- On March 31 Northern Maine Development Commission submitted a joint grant application with Aroostook County Tourism and the Association of Aroostook Chambers of

Commerce to help support marketing efforts for the regional tourism program. The application was submitted to the Maine Office of Tourism and requested \$73,000. It was matched by \$98,000 of cash and in-kind contributions for a total program of \$171,000. Activities proposed in the grant include trade shows, advertising, web site improvements, and displays, as well as educational programs and technical assistance for the hospitality industry. Last year the region was awarded \$82,000 through the same program. This supports benchmarks number 52 (tourism development) and 54 (regional programs).

- Staff from Northern Maine Development Commission met with a representative of AlphaOne, which is a social service agency that provides information, services, and products that create opportunities for people with disabilities. The organization assists individuals in obtaining the adaptive equipment they need to live independently, in addition to assisting businesses and organizations to become accessible to those with disabilities. NMDC will assist AlphaOne in educating people in the ACEZ about how the organization can help them make improvements. This supports benchmark number 50 (support and assist programs for elderly, disabled, youth, and minorities).
- Staff from NMDC and Maine Winter Sports met on Friday, May 16 to discuss the 2004 Biathlon World Cup event scheduled for Fort Kent. The event manager and NMDC staff will continue to collaborate to plan the event. Maine Winter Sports also ran a town meeting that evening for volunteers and interested residents. Approximately 70 people attended the meeting. An estimated 500 volunteers will be helping to organize and host the event, which will be broadcast live in the United States and Europe and which is anticipated to attract 3,000 to 5,000 spectators. This supports benchmark number 52 (tourism development).
- More than 30 people participated in a Packaging Seminar held May 22 at the Caribou Inn and Convention Center. The seminar was a collaborative effort between Northern Maine Development Commission, Aroostook County Tourism, the Association of Aroostook Chambers of Commerce, and the Small Business Development Center. The six-hour seminar was conducted by a former employee of Disney, who had developed vacation packages for Disney World and now is a private consultant. Participants learned the components of successful packages and developed packages at the end of the day. This supports benchmark number 52 (tourism development).
- Loring Development Authority is assembling the final pieces to its third Phish concert. The band Phish had two previous festivals at the Loring Commerce Centre entitled "The Great Went" (August 16th and 17th 1997) and "Lemonwheel" (August 15th and 16th 1998). The 2003 festival is entitled "It" and will be held on August 2nd and 3rd. The previous concerts each had ticket sales of approximately 65,000, and the same number is expected for the "It" concert. Concert promoters, Great Northeast Productions from Massachusetts, are responsible for planning, logistics, promotion, and clean-up, and essentially take over the Loring complex for a month to transform the Phish dream to reality. From an economic perspective, concert promoters estimate that each concert goer spends \$150 during the weekend some place in Maine, which translates into \$9.8 million of direct spending. Using a conservative multiplier effect of 2.5, the total direct and indirect impact would be in the vicinity of \$25 million for each concert. In addition, the LDA will generate \$500,000 in revenue for the use of its facilities, which the LDA Board of Trustees has earmarked for aviation infrastructure improvements. This supports benchmarks number 46 (public and private infrastructure) and 52 (tourism development).
- The Maine Potato Board organized a tour of northern Maine's agricultural industry last week for a group of state legislators. Northern Maine Development Commission helped sponsor the event and hosted the group on Friday. More than 20 legislators visited the area July 16-18 and to learn the successes and challenges facing the industry that is so vital to the area. In addition, they toured facilities such as Maine Winter Sports Center and Loring Commerce

Centre so they could better understand the diversity of the region and how they at the state level could help the area grow. This supports benchmark numbers 51 (natural resources) and 55 (collaboration).

- In an event held in Aroostook County on July 19, Gov. John Baldacci announced a wind power project for northern Maine that will bring alternative energy sources as well as jobs to the area. Evergreen Wind Power LLC, a subsidiary of UPC Wind Partners of Newton, Mass., has selected a site in central Aroostook County to begin the project. Construction is slated for June – October of 2004 and once it is complete, it is estimated that the facility will generate enough electricity to power 50,000 average homes while contributing an estimated \$150,000 to local property tax payments and have a payroll of between \$200,000 and \$300,000 a year. At the same time, it will reduce northern Maine's dependence on other energy sources and reduce air pollution that impacts global warming and acid rain. This supports benchmarks number 46 (public and private infrastructure) and 51 (natural resources).
- Several representatives of Leaders Encouraging Aroostook Development (LEAD) met with Gov. John Baldacci on July 19 to discuss extending Interstate 95 from its current terminus in Houlton (the southern edge of the ACEZ) to the Canadian border (the northern edge of the ACEZ). The new highway could help address out-migration for the area by improving transportation, therefore making the area more attractive to businesses, which translates to increased job opportunities and quality of life. The project has been in the works for several years and currently is one year off schedule. On Saturday Gov. Baldacci said that representatives of LEAD, NMDC, and the Maine Department of Transportation would meet soon to develop a timetable to complete the Environmental Impact Study and to begin construction so that the project can be completed within a reasonable timeframe. This supports benchmarks number 47 (transportation) and 55 (collaboration).
- Staff from Northern Maine Development Commission presented a marketing workshop to 12 members of the Maine Wood Products Association on September 2. The workshop addressed topics such as an overview of how to write and implement a marketing plan, as well as how Northern Maine Development Commission can assist these businesses. The goal of the event was to assist small wood products manufacturers to improve their market share and to more effectively and efficiently market their products and expand their customer base. The event also helped to build and expand Northern Maine Development Commission's service network in the southern reaches of its service area and to build a better relationship with the Maine Woods Products Association and its members. This supports benchmark number 48 (job creation and retention).

Problems/Obstacles:

Issue 1:

The most pressing problem continues to be the fact that Round III zones have been appropriated no money to help implement their strategic plans, let alone to administer the program. Northern Maine Development Commission staff continue to receive inquiries about funding for ACEZ activities. Many businesses and communities were involved with the Strategic Plan, making good faith efforts to be cooperative, collaborative and forward-thinking in the proposals that were included in this document. Leaders in both the public and private sector understood, and were delighted with, the Empowerment Zone designation in early 2002; believing that funding associated with this designation would enable accomplishment of much of the Plan. However, FFY 2005 appropriations in the amount of \$500,000.00 will be the first monies that we have seen and, while appreciated, this amount falls far short of the funding levels for the Round I and Round II communities. The days, months and years spent in the planning process deserve reasonable funding levels to accomplish the Strategic Plan initiatives. Without these resources, the energy and momentum that has been developed will dissipate with the public perception that, once again, there was much talk and little action.

Issue 2:

Current regulation that constrains the geographic footprint of an Empowerment Zone was promulgated to address concentrated pockets of poverty, which tends to occur most visibly in urban settings. The policy is not well-conceived to address the condition of out-migration, which does not occur in specific census tracts; but rather, in broad, rural areas that need comprehensive improvements such as job creation and retention, education, and social services. The current EZ geographic divide that exists between communities, and even parts of the same community, has created a great deal of frustration and confusion. It has become a divisive issue that, as time goes on, could prove to be very significant

To qualify to apply to the Empowerment Zone program under out-migration, eligible applicants were determined by county (i.e., an entire county must have suffered a 15 percent or greater population loss between 1990 and 2000). Under the out-migration criteria, Aroostook County qualified as a whole to apply, yet only portions could be included because it was guided by geographic constraints created to address poverty. This is especially relevant when you consider the fact that Aroostook County is the largest county east of the Mississippi and is larger than the states of Rhode Island and Connecticut. At present, major areas of Aroostook County that qualified and are suffering out-migration (some at an even higher rate than the 15 percent average of the county) cannot participate in the program. This includes businesses that cannot utilize tax incentives to create new jobs, municipalities that cannot utilize set-aside funding to improve infrastructure to serve their businesses or residents, social service agencies that cannot access funding to increase services to rural residents, and more.

Solutions:

In facing the problems listed above, the Northern Maine Empowerment Council (NMEC) and NMDC continue to work closely with the Rural Development staff and the Congressional delegation. Both parties have been very supportive and have been available to offer as much assistance as possible.

Issue 1 - Solution:

Engagement by our constituents and advocacy for their concerns on funding levels will continue to be a priority for the Empowerment Council and NMDC. We will be working with our Congressional delegation, and the other EZ communities, to establish consistent and appropriate funding levels to accomplish the activities outlined in our Strategic Plan.

Issue 2 - Solution:

The NMEC and NMDC strongly believe that the problem of rural out-migration is pervasive in our region and cannot be legitimately addressed by having certain areas of Aroostook County designated as being included in the Empowerment Zone, while other adjacent areas – with the same circumstances - are excluded from the benefits of the EZ program. Although not successful in expanding the Zone in this past legislative session, we will continue to work with our representative communities and our congressional delegation on this vital matter.

Best Practices:

The NMEC functions as the coordinating committee for both EDA planning and the Empowerment Zone Strategic Plan. Given that the primary objective of both these planning efforts is to bring about community/economic growth and stability in our region, our goal is to combine the Comprehensive Economic Development Strategies (CEDS) document with the EZ Strategic Plan. We are working with a consultant to analyze these two different systems and to come up with a format that satisfies the informational and reporting needs of both EDA and USDA.

Plans/Prospects for the Future:

Expanding the geographic boundary of the ACEZ will continue to be a priority of the NMEC and NMDC. It is our view that obtaining designation for all of Aroostook County is a crucial step in maintaining public support for regional strategies which can better enable meaningful change in our economic environment.

Combining the CEDS and EZ Strategic Plan will lead to a much more comprehensible planning process for Aroostook County. The process by which this is accomplished will also develop more robust involvement by government and business in the region. Further, it will help to create a system of prioritized initiatives that these entities acknowledge as appropriate and effective.

The Aroostook Partnership for Progress will be the primary focus of business attraction activities outside of the region. Our approach will be to design specific financing and incentive packages for the individual business wishing to locate in our region. The emphasis for our outreach will be to continue to enlist the expertise of significant regional businesses, like Maine Public Service, in leading the recruiting effort.

Have we sent the latest Financial Audit to USDA State Office? Yes