

## Executive Summary:

Through the ongoing work of the Northern Maine Empowerment Council and the staff at Northern Maine Development Commission (NMDC), progress continues toward achieving the Goals and Strategies outlined in the Aroostook County Empowerment Zone (ACEZ) Strategic Plan. Our Congressional delegation was successful in having a \$1,000,000 (\$500,000 for the ACEZ) appropriation inserted into the USDA-RD budget for Round III Empowerment Zones. Funding continues to be a year to year struggle that compromises multi-year strategic initiatives; thus affecting our ability to effectively accomplish the goals and objectives of the Strategic Plan. We will continue to make the case for ongoing direct appropriations of at least \$2 million per year - equivalent to funding provided the Round I and II EZ designees.

The Aroostook Partnership for Progress, a partnership between 22 area businesses and NMDC, provides for direct business recruitment that seeks to address the first Goal of the ACEZ strategic plan - to foster economic growth by creating a commercial/industrial environment that supports the success of both new and existing businesses. See the "Significant Accomplishments" for a detail of the types of outreach and successes this partnership has achieved.

The County of Aroostook, with NMDC as their partner, was successful in obtaining funding for a Labor Force Assessment of the region. The grant was awarded, in the amount of \$180,000, from the USDA Rural Development EZ set-aside funds for the Rural Business Opportunity Grant program. This project will provide current information on the makeup of the workforce in regard to skill level, employment characteristics and training needs. It will also outreach to local employers to assess their employee needs and will provide an indication of future training program requirements. Planning has been ongoing through the summer and fall to develop the survey and finalize the process. The Center for Business and Economic Research at the University of Southern Maine will be under contract to perform the actual survey work and produce a report on their findings.

Tourism remains a primary focus for NMDC staff energies; as the rich and varied natural resources in Aroostook county hold out the best promise for substantial new business/job growth. Funding continues to be sought for tourism infrastructure needs; such as, customer service awareness, multi-use trail development and website usability. We are also looking at providing training in entrepreneurship with an emphasis on creative economy workers.

NMDC, along with the Aroostook Municipal Association and Aroostook County Government, organized a summit in December of 2004 on delivery of public services in the region. Two successful grant awards resulted from the conference – one for a feasibility study on a regional accounting center to serve municipal needs and a second to combine accounting functions for three area communities. In 2006, an initiative has been launched by NMDC and the Aroostook Municipal Association to address the shortage of Code Enforcement and Local Plumbing Inspectors in the region and a grant application has been prepared to perform a feasibility/best practices analysis for the best solution for training, compensation and geographical coverage of these necessary services.

NMDC, through its Small Business Development center staff, provides significant business assistance in the form of direct one-on-one counseling and through training events. 245 small business clients received over 1050 hours of direct counseling. During the year 11

training events were held in areas such as business start-ups, marketing, Ecommerce and customer service with over 131 attendees and 403 training hours.

The Business Finance Department (BFD) administers NMDC's loan programs funded by the Economic Development Administration (EDA), the Small Business Administration (SBA), the Finance Authority of Maine (FAME), Department of Economic and Community Development (DECD) and the U.S. Department of Agriculture Rural Development (USDA-RD). The BFD provides loan funds to leverage other private and public funding for new and existing businesses in our service; and also provides business counseling and loan packaging for existing and new businesses. NMDC staff provides the additional assistance of a pre-review the financial package so that a presentation to a primary lender is complete and accurate before the business makes its request for funding.

## Most Significant Accomplishments:

### Business Attraction/Development Activities

#### Aroostook Partnership for Progress

The 2003 Empowerment Summit set the stage for the creation of the Aroostook Partnership for Progress (APP), and in 2004 and 2005 the Partnership embarked on a program that will have a significant positive impact on Aroostook County.

The creation of the Partnership was significant in that it:

- changed the course of economic development activities in the County with a new level of cooperation among agencies,
- brought the private sector into the economic development arena,
- refocused the regional economic development program to targeted, specific goals and objectives;
- Focuses on economic boundaries, rather than geographical or political ones;
- Provides for significantly better coordination of economic development activities.

Efficient coordination of economic development activities is of vital importance in order for the limited available funds to have the greatest impact. To that end, business recruitment, business retention/expansion, and economic development planning are all an interactive part of the Partnership's approach; with NMDC staff accomplishing much of the actual work involved.

As the administrative structure was being set up, APP began to advance its program through a variety of activities, including:

- The selection of a major international business marketing consultant to develop the marketing and communications strategic plan;
- Promotion of APP goals and objectives by consistent presence in local and state media

The effect has been a growing awareness by local, state and federal agencies of the Partnership's presence and purpose. Further evidence of this recognition was that ***Governor Baldacci identified APP in his State of the State address and the Partnership received the 2004 National Innovation Award from the National Association of Development Organizations.***

Finally, the Partnership embarked on an aggressive fund raising program that resulted in securing the investment of twenty investors committing approximately \$1.2 million to the four-year program; further indication of its credibility with local businesses.

## Focus and Initiatives

### Regional Marketing for Competitive Advantage

The number of business expansions/relocations throughout the United States and the globe are few and far between and the competition for business attraction efforts is fierce. The region's economic development marketing resources have increased substantially

since the active participation of the business community in APP. However, additional resources are needed if we are to compete with other regions in the U.S. and position northern Maine as a world-class destination for business relocation and expansion.

Strategic initiative: Attract additional investors to the Partnership and establish an expanded marketing fund to support world-class economic development marketing.

### **Regional Economic Scorecard**

In order to shape the economic future of the region, it is critical to understand how the area stacks up to other similar markets related to key economic drivers. By creating and tracking critical economic factors, leaders can identify how the area is doing and where improvements are needed.

Strategic Initiative: Develop five key economic drivers to track northern Maine's success compared to other competitive areas in the nation.

Measures:      Employment & workforce  
                         Private investment  
                         Income and wealth  
                         Innovation

### **Northern Maine Legislative Success**

The region is fortunate to have committed leadership representing northern Maine in Washington D.C. and Augusta. Through stepped up efforts to unify northern Maine's legislative priorities and communicate those effectively to the key elected leaders, the region can improve success in obtaining funding for critical projects and support for legislative policy change.

Strategic Initiative: Work with the LEAD Board to formalize northern Maine's legislative strategy.

### **Priority One – Economic Development Marketing**

Goal: Attract 1,500 net new jobs and \$50 million in new investment within four years

This is an aggressive goal for most regions in the country, let alone northern Maine, but vibrant regions are aggressive and constantly seeking new ways to create a competitive advantage for their communities. With over 3,500 economic development organizations in the U.S., it's imperative that our region continue to evaluate its strategies relative to business attraction and retention.

In the past, economic development activities tended to focus on targets primarily in other communities across the Country. Today, the Partnership's program includes an expanded effort to connect with targeted industries and business influencers, as well as develop and pursue projects that have the potential to bring a significant amount of investment to northern Maine. This two-pronged approach to economic development marketing brings together a more traditional (although targeted) marketing program with a very direct project-based activity program.

## **Marketing Activities and Initiatives included**

Targeted Industry and business influencers Initiative Markets targeted with personal visits included:

- Boston
- Chicago
- Hartford
- Houston
- Las Vegas
- Moncton
- Philadelphia
- Portland
- Toronto
- Washington, DC

Placed ad in *US Airways Magazine*, which is an in-flight magazine that is viewed by approximately 2.2 million people

2,000 direct mail pieces to targeted industries

Hosted events (Showcase Aroostook) for site location consultants during the CanAm Sled Dog Race and Acadian Winter Carnival Festival

Secured news articles and editorial placements in local media

Enhanced the APP web site

## **Significant Projects Identified and Pursued by the APP team included:**

- The attraction and development of an oil refinery
- The designation of the Loring Commerce Centre as an air cargo emergency landing site by the Department of Homeland Security
- The attraction and development of a value-added wood products business
- The attraction of a resort development
- Retaining and expanding DFAS Limestone

## **Measures of Success 2005-2006**

Number of new jobs attracted	471
Number of jobs retained	634
Amount of new investment	\$111 million
Total Inquiries	50
Specific Projects Pursued	5
Total "A" Leads	7

## **Year 2 - Highlights**

- Realized the retention and growth in investor base.
- Solidified MOU partner relationship with Leaders Encouraging Aroostook Development (LEAD) and incorporated the organization into the APP business plan.
- Enhanced the web site design and improved its utility by working with NMDC to establish a single portal site for regional information.
- Developed northern Maine promotional video.
- Partnered with the LDA to develop and coordinate the Grow DFAS Committee.
- Involved in the discussion to merge LEAD and ACT.
- Reestablished the quarterly investor update newsletter

### **Successes**

#### Louisiana Pacific Corporation

Jobs Created: 39      Jobs Retained: 111

Investment: \$104,000,000

Project Type: Retention/Expansion

Public Sector Investment: \$16,000,000

Public Partners: NMDC, SADC, DECD, Town of New Limerick

#### Appalachian Engineered Floors

Jobs Created: 29      Jobs Retained: 0

Investment: \$1,200,000

Project Type: Attraction

Public Sector Investment: \$775,000

Public Partners: NMDC, Town of Patten, DECD

#### DFAS Limestone

Jobs Created: 310      Jobs Retained: 350

Investment: Not provided

Project Type: Retention/Expansion

Public Sector Investment: \$0

Public Partners: NMDC, LDA, Delegation

#### Katahdin Forest Products

Jobs Created: 4      Jobs Retained: 0

Investment: \$1,000,000

Project Type: Retention/Expansion

Public Sector Investment: \$408,000

Public Partners: NMDC, SADC

Maine Military Authority

Jobs Created: 30      Jobs Retained: 40

Investment: \$1,100,000

Project Type: Retention/Expansion

Public Sector Investment: \$750,000

Public Partners: NMDC, City of Caribou

Tate and Lyle

Jobs Created: 0      Jobs Retained: 37

Investment: \$2,000,000

Project Type: Retention/Expansion

Public Sector Investment: TIF

Public Partners: NMDC, Town of Houlton, SADC

Smith & Wesson

Jobs Created: 10      Jobs Retained: 96

Investment: \$1,000,000

Project Type: Retention/Expansion

Public Sector Investment: TIF

Public Partners: NMDC, Town of Houlton, SADC

Sitel

Jobs Created: 25-50      Jobs Retained: 0

Investment: \$23,000

Project Type: Retention/Expansion

Public Sector Investment: \$65,000

Public Partners: NMDC, LDA

Northeast Pellets LLC.

Jobs Created: 14      Jobs Retained: 0

Investment: \$300,000

Project Type: Retention/Expansion

Public Sector Investment: \$500,000

Public Partners: NMDC, Town of Ashland

### **Leaders Encouraging Aroostook Development (LEAD)**

The Leaders Encouraging Aroostook Development has entered into two agreements to improve operational efficiency and to better facilitate the economic development of Aroostook County.

A services agreement with the Northern Maine Development Commission, in which NMDC agrees to provide all staff services necessary to implement LEAD's work program.

A Memorandum of Agreement with the Aroostook Partnership for Progress (APP) that establishes a collaborative effort to enhance economic and community development in Aroostook County.

LEAD members have determined that the following two objectives will be their focus for the next year; a renewed effort to increase LEAD membership and the improvement of access to the Maine Legislature's public hearing process. Additionally, LEAD will host business recognition and appreciation events throughout the year

### **Venture Capital Initiative**

In an attempt to further enhance access to angel/venture capital, NMDC formed the Aroostook Investment Exchange. AIX is an enterprise created by the Northern Maine Finance Corporation and supported by Northern Maine Development Commission, Aroostook Partnership for Progress and is an important component of the strategic plan for Aroostook County Empowerment Zone. **The purpose of AIX is to provide a forum for entrepreneurs who are seeking risk capital to make brief presentations to audiences of potential investors.**

### **Small Business Development**

In total 358 people received assistance from the Maine SBDC staff at NMDC. Of that number approximately 200 remain as active clients with the remaining clients being closed out. In addition to the one on one business consulting, 47 training events were presented at locations around the County including Fort Kent, Houlton, Caribou, and Madawaska. These events were attended by 141 people and covered a wide range of topics such as: Starting your own business, E-commerce, Access to Credit, Financial analysis, Invention Protection and Commercialization and Health Care Issues Affecting Small Business.

### **Pine Tree Zone Designation**

NMDC served as the designated administrative agency by the Maine Department of Economic and Community Development to provide information and critical technical assistance to municipalities which resulted in Pine Tree Zone areas in 16 communities. Staff then worked with businesses in the region to assist them in receiving certification under this program. The Aroostook County Pine Tree Zone (ACPTZ) has designated acreage in 16 communities totaling 4,453 acres. NMDC staff has worked with two communities to reconfigure their PTZ acreage to enable a particular company access to

PTZ benefits. Currently, there are 10 companies in Aroostook that are certified for the PTZ program, with several additional companies in varying stages of the certification process. There have been inquiries by three or four additional communities about the process to reconfigure their PTZ acreage.

### **ACEZ Strategic Plan Implementation Activities**

The guiding document for Aroostook County Empowerment Zone (ACEZ) activities is the Strategic Plan and the implementation of this Plan is directed by the Northern Maine Empowerment Council - an eighteen member group representing a broad cross-section of regional interests. Membership is solicited by general media notices for any Council vacancies and by direct consultation with interest groups and appointment is made by the General Assembly of Northern Maine Development Commission.

The Northern Maine Empowerment Council (NMEC) focused on two primary activities during this year; first, the development of the ***Comprehensive Regional Economic Strategies and Tactics (CREST) Plan***, and second, a commitment to play a much more active role in ***facilitating regional dialogue and collaboration***.

#### Comprehensive Regional Economic Strategies and Tactics (CREST) Plan

This plan continues to evolve, but the intent is to replace the EZ Strategic Plan with one that will:

- Provide the NMEC, Federal and State agencies, and regional and local interests, with an overview of the current status of the significant economic and social sectors in the region;
- Reflect the needs of these sectors, based on consultation with informed sector representatives;
- Establish, through this consultation, regional goals and objectives for each sector;
- Streamline and re-organize how information on regional projects and initiatives will be obtained, reviewed and prioritized;
- Effectively communicate this information to Federal, State, and regional interests in a way that will lead to the accomplishment of the goals and objectives of the plan.
- The NMEC identified the significant economic and social sectors;
- Outreach is ongoing to municipal officials, agriculture, natural resources, education and transportation experts;
- The NMEC has adopted a system to prioritize projects and initiatives that come before it in the future.
- Regional Facilitation

### **Economic Development**

The Northern Maine Development Commission, in collaboration with the Northern Maine Empowerment Council (NMEC) and the Aroostook Partnership for Progress, has

taken significant steps to stimulate economic and community development as a direct result of Empowerment Zone Earmark funds thus allowing NMDC to work directly with area businesses. ***Such an initiative has resulted in meaningful collaborative solutions to major economic development issues facing northern Maine.*** NMDC has implemented an aggressive program of industry sector outreach designed to increase knowledge of the important issues that have inhibited substantive business growth, as well as job creation and retention. Listed below are initiatives developed by NMDC in an effort to assist the region's most significant industries.

### **Agricultural Industry**

Due to recent declines in Aroostook County's potato growing industry as a result of changing market conditions, NMDC has aggressively supported the development of value-added agricultural commodities to supplement the industry. ***The emergence of canola as a valuable rotation crop to potatoes has garnered significant appeal as a source of value-added products, such as, edible canola oil, oil meal, and bio-diesel.*** NMDC has been working with Maine Potato Growers, Inc., the region's foremost cooperative of agricultural producers, to obtain funding to explore the economic feasibility of creating a canola processing center in the region. As a result of this collaborative effort, NMDC was able to secure a grant of \$46,400 from the W.K. Kellogg Foundation, with a 1:1 private sector match to undertake the study. Current annual canola production is estimated at 3,500 acres with a potential for over 25,000 acres which would meet the approximate needs for a value-added venture of the kind described in the project proposal. Results from this study were reported out in May of 2006 with the conclusion that regional resources could not support a food-grade canola industry as the economics for a crusher/processor were not viable.

A separate grant was obtained from the Maine Technology Institute, totaling \$54,500 to look at the feasibility of a biodiesel production plant in the region. Such a plant would use canola oil, waste vegetable oil and used processing oil as feed stocks. This study will be completed in January of 2007 and will supplement the results of the food-grade canola feasibility analysis already performed. To date, NMDC staff have provided the following time and services to ensure success of this initiative.

Specific activities that will be accomplished through this grant include:

- Demand assessment
- Supply assessment
- Market and product strategy
- Determination of manufacturing equipment requirements
- Identification and assessment of availability of canola supplies and required acreage to sustain operation
- Determination of human resource requirements
- Identification of technical risks with financial implications
- Assessment of potential strategic alliance partners.

## **Tourism Industry**

Based on the findings of the “Aroostook County Industry Cluster Report (2003), which identified tourism as one of the significant regional economic engines, the NMEC has focused on continued development of the region’s tourism industry. Specific activities that evidence this commitment are:

- Attendance at eight consumer trade shows in Maine, Massachusetts, New York, Pennsylvania, and Illinois.
- Maintaining the toll free tourism fulfillment line and responding to over 700 tourist inquiries.
- Partnering with the Quebec Labrador Foundation to develop and distribute marketing materials for the St. John Valley International Cultural Route project.
- Obtained funding in the amount of \$54,000 for the 2006 Biathlon Junior World Championship to be held at the Nordic Heritage Center in January of 2006 in Presque Isle.
- Particular emphasis has been on the promotion of resort development, outdoor recreation, and the region’s capacity to support tourism growth.

A five year tourism strategic plan was developed by Economic Stewardship, Inc., a tourism consulting firm in Wisconsin. This strategy has been developed with a combination of lofty goals and realism. The planning process included close looks at how other remote rural regions in the U.S. and Canada have shepherded similar resources to provide better tourist experiences. Also, a survey of recent and prospective visitors was conducted to gauge the opinions of the region and its tourism product.

The process also included direct conversations with stakeholders throughout the region to ensure that the final product would both represent the region well and be implementable. The general strategy for the Tourism Business Plan focuses on the actions that NMDC/ACT will need to take to implement the Tourism Business Plan. The recommended approach calls for building tourism development efforts around five task-oriented themes. These themes are intended to serve both as general goals for tourism development and as organizational tools to group implementation tasks.

Though these themes are organized in their order of priority, all five must work in tandem for the plan to achieve success. The five themes are:

- Establishing and Maintaining Identity
- Celebrating Landscapes and Communities
- Organizing Partnerships for Tourism Resource Management
- Cultivating Affinity Markets
- Building Momentum

## **Resort Development**

Through the commitment of over 200 hours of NMDC staff time, NMDC and the Aroostook Partnership for Progress were successful in obtaining \$200,000 in grant funding to explore the feasibility of establishing a resort, or series of resorts, to develop

the region's tourism industry. ***The development of a full-service resort(s) complex(s) in various locations throughout the county will form the foundation for the region's tourism economic development strategy.*** When coupled with a connection to the existing multi-use trails, and further enhanced by related services and activities, the potential seems very credible. Specific activities that will be conducted as a result of this grant funding include:

- Create a visually attractive concept plan for the resort(s), depicting what is initially envisioned for the region
- Perform a Market/Feasibility analysis to determine the viability of constructing and operating resort(s) in Aroostook County, Maine; and, if feasible;
- Develop and carry out a developer and investor recruitment program for the resort(s),
- Develop a separate "best case" business scenario for the creation of at least an additional 150 rooms in the Fort Kent, ME area to further augment the success that has recently taken place with world class Nordic venues.

### **Trail System**

Aroostook County's outdoor recreational trail system is a vital component of the overall tourism industry. In light of this, NMDC has devoted over 60 hours in staff time to consulting with industry representatives and developing a plan to support and promote this essential resource. Activities would include:

- Assessing the current recreational trail network through consultation with the region's snowmobile and ATV clubs;
- Collecting Global Positioning System and International Trail System data, identify data gaps, and create a Geographic Information System database;
- This will be used to create an updated trail map, recommend construction of connecting trails, and integrate larger trails into an overall network.
- Developing a strategic plan that identifies the most cost-effective approach to address trail maintenance, preservation, and permanency;
- Assessing the region's capital assets and available human resources;
- Organizing a recreational trail summit to mobilize organizational resources.
- Online Reservations-Single Point of Contact (SPC)

In an effort to assist tourism related businesses in the region such as hotels, motels, restaurants, and recreational outfitters, NMDC staff spent approximately 70 hours ***to produce a strategic plan for the creation of a single point of contact for tourism activities and development of the Aroostook County Tourism website by way of an online centralized reservation system.*** Specific activities include:

- Hiring a full-time Tourism Development Coordinator;
- Requesting proposals from qualified centralized reservations system providers;
- Provide technical assistance, training, and hands-on development and implementation of programs and services to tourism-related businesses;

- Establish NMDC's Aroostook County Tourism Office as the primary tourism contact and provide for management and maintenance of the central reservations system.

### **Housing Sector**

Northern Maine Development Commission (NMDC) proposes to address handicapped accessibility issues through a homeowner assistance program targeting elderly, very low income families and individuals in the Aroostook County Empowerment Zone (ACEZ).

While implementing various community planning and housing programs, such as those under the Community Development Block Grant (CDBG) program, NMDC staff came to a growing awareness of home-based accessibility problems experienced by disabled individuals in the region. The issue led to the development of a feasibility study in which NMDC worked with 19 communities through a CDBG Community Planning Grant, to determine the scope and severity of the problem. Findings from the study indicated that existing accessibility needs, particularly for very-low income individuals, could not be addressed without grant assistance. As NMDC staff began reaching out to agencies in the region that work with accessibility issues, those agencies indicated a backlog of modification needs caused by the lack of adequate funding; resulting in waiting periods for some priority categories as long as 3 to 4 years. With this in mind, the goals and priorities established in the feasibility study became:

1. address handicapped accessibility issues of low-income and very low-income elderly, disabled households throughout the region,
2. reduce the amount of homeowners and families waiting for assistance and
3. create an on-going assessment and seek to increase funding to assist those with disabilities.

NMDC has formed a committee comprised of representatives of local, state and federal agencies; which include Alpha One, Aroostook County Action Program, Aroostook Area Agency on Aging, Visiting Nurses of Aroostook, and local community development offices. This group, established as the Aroostook County Committee on Handicapped Accessibility (ACCHA), will ensure that elderly, disabled individuals already identified by the member agencies are not overlooked; and will work to leverage the resources in existing programs with HPG program funds.

### III. Additional NMEC activities:

Guided and endorsed grant applications by NMDC for:

Tourism Infrastructure, including;

Trails Development

Small Resort Feasibility

Internet Reservation Capability

Small Business Development;

Telecommunications Mapping;

Aroostook Partnership for Progress Business Plan Outreach.

Received briefings on such topics as:

- Childcare and Employment Issues
- Regional Tourism
- The Creative Economy
- Forestry Practices
- Residential Housing Trends
- Local Workforce Investment Board
- Aroostook Partnership for Progress

### **ACEZ Funding Sources and Uses**

Earmark Funds – FFY 2006  
\$500,000

Funds will be expended to support the activities of the Aroostook Partnership for Progress (see Partnership and Alliances section) (#48 - support for business development, job creation and retention) and to provide reimbursement for NMDC staff time spent on governance and organization issues that will accomplish the ACEZ Strategic Plan goals and objectives (Benchmark #56 – Project administration).

Set-Aside Funding – Grants were obtained from Rural Development (RD) set-aside funds for the following initiatives:

#### **Comprehensive Regional Investment Program. Supports Benchmarks #54 (region wide programs that support diverse econ. dev.)**

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

Features:

Assists the development of the CREST plan \$50,000

#### **Tourism Business Plan – Benchmark #48 (support for business development, job creation and retention), Benchmark #52 (develop the tourism industry)**

RD funding source: RBOG

Features:

Creation of a business plan for the expansion of the tourism industry \$50,000

## **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.

One of the collaborations that continues to develop is the relationship between the Maine Winter Sports Center (MWSC), a non-profit organization whose goal is to bring skiing activities back to Northern Maine, and the Northern Maine Development Commission and Aroostook County Tourism. NMDC/ACT agreed to become a major event sponsor the World Junior Biathlon event to be held in late January 2006 at the Nordic Heritage facility in Presque Isle, Maine.

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. This partnership continues to direct activities to stimulate the regional economy as described in the Significant Accomplishments section of this narrative.

Leaders Encouraging Aroostook Development (LEAD), which was formed several years ago to promote business development has revisited its mission and will now be taking a more active role in spearheading legislative and congressional initiatives that will support EZ Strategic Plan objectives.

Partners with the Northern Maine Empowerment Council in planning and implementing the Comprehensive Regional Economic Strategies and Tactics (CREST) plan will include:

- Northern Maine Development Commission
- Aroostook Partnership for Progress
- Aroostook County Action Program
- Aroostook County Tourism
- Rural Planning Organization (formerly the Regional Transportation Advisory Committee)
- Local Workforce Investment Board
- Loring Development Authority
- University of Maine System and Aroostook County Campuses
- Northern Maine Community College
- Husson College
- MicMac and Maliseet Native American communities
- Area chambers of commerce and development corporations
- Municipalities
- Non-profit social, education and health organizations

At the state level, the partners will include:

- Maine Department of Economic and Community Development
- Maine Department of Transportation
- Maine State Planning Office
- Maine State Housing Authority
- Finance Authority of Maine
- Maine Economic Development District Association

University of Southern Maine – Center for Economic and Business Research  
FAME  
Maine Technology Institute  
Maine Small Business Development Centers  
Maine Manufacturing Extension Partnership  
Maine International Trade Center

Finally, federal investment partners will also be included in the planning and implementation process. These federal partners include:

Rural Development /USDA  
Economic Development Administration (EDA)  
Small Business Administration (SBA)

## 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 continues 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 earmark funds in the amount of \$500,000.00 would be the first appropriated 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 the designation was “much ado about nothing”.

### 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.

### Issue 3:

*Out-migration, especially youth out-migration, continues to be a problem for the region.*  
This issue is directly related to the lack of attractive job opportunities and the lack of diverse social activities.

## **Plans/Prospects for the Future:**

### **ACEZ Expansion**

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 positive change leading to future economic success.

### **CREST Plan**

The CREST plan process was a work in progress in calendar 2005. Primary accomplishments were the continued outreach to sector representatives to obtain relevant information. The objective is to create a regional strategic plan that is understandable and credible to anyone in the region. The process by which this is accomplished will also develop more robust involvement by government and businesses. Further, it will help to create a system of prioritized initiatives that these entities acknowledge as appropriate and effective.

### **Aroostook Partnership for Progress**

The Aroostook Partnership for Progress will provide the primary focus of business attraction activities outside of the region. Our approach will be to design specific financing and incentive packages for individual businesses 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.

The Partnership will continue to advance its agenda by implementing an aggressive marketing and communications program. The key areas of focus will be federal and state government, targeted businesses, destination development, image development, and communications. Continued contact will be made throughout the year with state/federal agencies and the region's Congressional staff.

### **Resort Development**

Global Resorts, Inc. has completed a feasibility analysis for resort development in the region; the results of which were reported out in early 2006. Resort development in the region is feasible and achievable and we continue to seek state and federal grants are that, if approved, will greatly enhance northern Maine's tourism development initiative and ultimately our efforts in attracting a world-class destination development to the County. These two initiatives indicate the importance of developing a cooperative working relationship among organizations focused on similar goals and objectives.

## **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 creates much of the information that came before the NMEC. Presentations were made to the Council on issues ranging from the evolving strategies and technologies of the forestry industry, to new allied health training initiatives at the community college, to the feasibility of canola as an alternative rotation crop for potatoes, to how the demographic of new residents is changing. how child care affects employment to current perspectives on higher education in the region. This supports benchmark 56 (administration) and benchmark 48 (support of business development).

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/Obstacles section of this report.

The governing body, the Northern Maine Empowerment Council, met eight times in 2006 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, focused group meetings, 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 regional workshops. When the CREST plan reaches draft form, meetings will be held across the region to receive feedback on both the process and content of this planning document.

The Aroostook County Pine Tree Zone (ACPTZ) has designated acreage in 16 communities totaling 4,453 acres. NMDC staff has worked with two communities to reconfigure their PTZ acreage to enable a particular company access to PTZ benefits. Currently, there are 10 companies in Aroostook that are certified for the PTZ program, with several additional companies in varying stages of the certification process. There have been inquiries by three or four additional communities about the process to reconfigure their PTZ acreage.

## **Best Practices:**

### **CREST Plan**

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.

The Northern Maine Empowerment Council will engage its partners in Aroostook County to create a single vision and single investment strategy for development for the area; and in turn will take that vision and strategy to its state and federal partners for their support. This program will be called the Comprehensive Regional Economic Strategies and Tactics (CREST) plan and will address all of the major components of the regional economic and social structure.

The CREST plan will be developed through the involvement and decisions of the Northern Maine Empowerment Council (NMEC) which has representatives of all relevant sectors (economic development, education, health services, transportation, etc.). NMEC members will assist Northern Maine Development Commission (NMDC) staff in obtaining current and relevant information from each sector.

### **Project Scoring Criteria**

Criteria has been established to identify and prioritize projects/initiatives from each sector that have regional impact. The review process will look at such factors as how the project addresses regional strategic goals, the number of businesses and jobs created, and fund leveraging. also identify lead organizations that will be responsible for guiding each project. These regional impact projects will be the result of local input and discussion; and will have measurable performance indicators that will be monitored and updated annually.

### **Aroostook Partnership for Progress (APP)**

This joint venture was organized as a direct result of the Empowerment Zone Summit; an event that was held shortly after the designation of the Aroostook County Empowerment Zone to inform and energize the region about addressing the EZ Strategic Plan objectives. The Aroostook Partnership for Progress came of age in 2004 and embarked on a program that is having a significant positive impact on Aroostook County. The creation of the Partnership was important in that it changed the course of economic development activities in the County bringing the private sector more directly into the economic development arena and focusing resources from a number of programs on specific goals and objectives. The Board of Directors of the APP consists of major businesses that have committed significant financial resources to accomplishing the goals and objectives of the Partnership's business plan. More information on the APP mission and accomplishments can be found on their website: [www.appme.org](http://www.appme.org).

## **Solutions:**

In facing the problems listed above, the Northern Maine Empowerment Council (NMEC) and NMDC continue to work closely with the State 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 these past two congressional sessions, we will continue to work with our representative communities and our congressional delegation on this vital matter.

### **Issue 3 – Solution:**

Targeted economic development activities and robust business retention programs will be undertaken by the Aroostook Partnership for Progress; with NMDC staff playing key roles in both of these efforts.