

## **Annual Narrative Progress Report - 2005**

### **Executive Summary :**

Through the continued work of the Northern Maine Empowerment Council and the staff at Northern Maine Development Commission, progress continues toward achieving the Goals and Strategies outlined in the Aroostook County Empowerment Zone (ACEZ) Strategic Plan. Our Congressional delegation was again successful in obtaining a \$500,000 earmark in the current year's appropriations that supported much of this progress. While we are appreciative of their efforts, we know that relying on possible congressional earmarks to achieve long-term strategic objectives contradicts the very idea of consistent, sustainable economic development for the region. The ACEZ needs the same funding resources made available to Round I and II EZs; and we again point to the need for a direct appropriation of at least \$2 million per year in order to maintain steady progress.

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. This meeting, which was promoted as "Regionalism and the County – Connecting Services", brought together a diverse group of participants from local, county, state and federal sources to local and regional service organizations. The focus was to celebrate the existing collaborations/partnerships between communities in providing services and to explore what additional alliances might be possible. The summit was an unqualified success with more than 150 participants attending and very positive responses to both the content and structure of the event. Several requests were made to have follow-up meetings to continue the discussion of specific community collaborations. 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.

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. Forty-seven training events were held during the year covering subjects from Starting Your Own Business to Farm Marketing and Image Building to E-Commerce – Building an effective Website. These events were attended by 141 individuals and resulted in more than 400 training hours.

The Business Finance Department 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). These loan funds now total almost \$9,000,000.00. The Business Finance Department provides loan funds to leverage other private and public funding for new and existing businesses in our service district. The Department also provides business counseling and loan packaging for existing and new businesses, and community programs designed to assist business development in local communities as well as technical assistance for a variety of public and private loan programs such as micro businesses. The staff will take the time to work with a business and 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. Use of these loan funds has resulted in jobs created and retained of 6,475 with a dollar per job amount of \$4,175.

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 continues to update and improve our website ([www.nmdc.org](http://www.nmdc.org)) and the Aroostook County Empowerment Zone website ([www.aroostookez.org](http://www.aroostookez.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. A project to allow web-based mapping/GIS capability for Northern Maine Development Commission programs is currently in progress and we anticipate its use on the ACEZ website when completed.

## 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.***

### Business Recruitment

One of the fundamental objectives of the Partnership has been to formulate a well organized and effective business recruitment strategy where all stakeholders, both private and public, maintain identical contact systems to ensure continuity of service

and professionally developed and consistent business incentive proposals to prospective clients.

Marketing activities included the following:

- hosting “discovery meetings” with a Texas-based oil refinery consultant with the goal of developing an oil refinery in the region (investment potential \$3 billion w/ creation of 500 jobs)
- more than 120 corporate visits to major cities in the US and Canada
- continued “lead generation” thru a number of effective channels including:
  - internet web-casts
  - business retention and expansion discussions
  - industry-sector focused research
- direct mailing campaign to over 300 CEO’s of manufacturing and service-based companies in the greater Boston area
- a direct marketing campaign for the promotion of film development in the region
- prospect management/handling of companies such as:
  - an internet based funds management and transfer system for all US prisons (estimated investment \$1 million and would create 30 jobs)
  - a company equipped to convert potato starch into biodegradable packaging materials designed to replace Styrofoam packaging (\$10 million investment with 12 jobs)
  - a Canada-based processing company interested in expanding to the region (\$60 million with 65 jobs)
  - a pressure-sensitive paper manufacturer with an interest in locating a plant that will employ as many as 600 people and using paper produced by an existing County-based paper manufacturer as well as the incorporation of Radio Frequency Identification (RFID) technology (\$50 million with 300 jobs)
  - a financial data center (\$1 million with 50 jobs)
  - a domestic and international air cargo inspection facility (estimated investment of \$2 million and creation of 100 jobs)
  - an energy company with proprietary interest in converting industrial processing of agricultural products into a fuel source
  - funding for the development of a market feasibility study with the goal of developing one or more major resort destinations (Estimated investment of \$30 million with creation of 500 jobs)
  - a potato processing plant with an investment value of \$100 million with a job creation potential of 200 full time employees
  - a “BioEnergy” plant with an anticipated investment of \$60 million dollars with the creation of 40 jobs
  - a wind energy plant with an investment of \$56 million dollars and resulting in the creation of 10 jobs

***In summary, over the course of the Partnership’s first full year of operation:***

- ***over 1,500 new jobs have been projected or are in place;***
- ***over \$60 million dollars in private investment are slated or have already occurred.***

***In short, the Earmark leveraged over \$500 million in private and public investment planned for the region***

**Business Retention and Expansion**

The recent closure of major employers in the region such as 1<sup>st</sup> Technologies (63 jobs lost), Kent Inc./Gerber Childrenswear (127 jobs lost), Houlton International (50 jobs lost), Calley and Currier (20 jobs lost), Norsun Food Group, Inc. (50 jobs lost), call attention to the need for a well-developed, responsive business retention strategy as a vital component to the economic well being of the region. Responding to this need, the Partnership has initiated a plan to coordinate and enhance business retention in the County. This program, the first of its kind in the state, utilizes the expertise of economic development and industry representatives as well as financial institutions.

The major objectives of the BR&E are:

- To gain an understanding of the business community's views of the local economy, identifying specific concerns and problems and to provide swift, effective solutions.
- To determine the future business plans for expansion or relocation of local companies and to develop a proactive system of action.
- To better acquaint business leaders with assistance available through various economic development programs.
- To improve communication between the local business community and economic developers.

***The Partnership has established a goal of conducting a minimum of 15 business visits each month with the net effect that at least 180 Aroostook businesses will be reached each year.***

**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.

1. 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.
2. 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

**Regional Business Park Feasibility**

With funding provided by the Economic Development Administration (\$50,000), Maine Department of Economic and Community Development (\$10,000), and local funding (\$60,000 cash and related), NMDC recently completed a first of its kind Regional Business/Industrial Park Feasibility Study that is designed to provide two economically underserved regions of northern Maine with a detailed strategic implementation plan for the community clusters to follow. The five major tasks that were completed included:

- a Market and Labor Force Assessment and Opportunity Assessment for the two study areas
- a Business Park Site Selection
- the development of a Community Investment and Tax Sharing Model
- an evaluation of the benefits associated with construction of industrial building space
- a detailed Implementation Plan to include an articulation of action items that would be associated with a well-developed initiative

*The five phases of the study form a model that can be used by other groups of communities who desire a more collaborative and regional approach to economic development.*

### **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. To date, eight businesses have been certified and can now take advantage of the program. There has been some discussion with communities about their desire to reconfigure the PTZ acreage in their towns.

### **Business Facilities Loan Fund**

In an effort to promote the region as an ideal area for potential business startup, relocation and expansion, NMDC created a deferred lending program for business building reuse and new business building construction, and has undertaken the role of commercial land and facilities broker on behalf of the Aroostook County Empowerment Zone communities and the region. This program is funded through a \$500,000 USDA grant and is administered by the Northern Maine Finance Corporation. To date, the following projects have benefited from funding under this program:

- A \$235,000 loan to the Presque Isle Industrial Council, with a public sector match of \$244,647, to construct an industrial speculative building for potential business use.
- A \$48,838 loan to the Presque Isle Industrial Council, with a public sector match of \$50,832, to renovate an existing building currently used by Aroostook Trusses, Inc. This project allowed the business to create an additional 15 jobs.
- A \$39,410 loan to the town of Limestone, with a public/private match totaling \$47,290, to renovate an existing building that houses two businesses. This project has allowed these businesses to remain in operation and expand, thus retaining 10 existing employees as well as creating 10 new jobs.

### **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:

1. 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;
2. Reflect the needs of these sectors, based on consultation with informed sector representatives;
3. Establish, through this consultation, regional goals and objectives for each sector;
4. Streamline and re-organize how information on regional projects and initiatives will be obtained, reviewed and prioritized;
5. 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 has begun to municipal officials, agriculture, natural resources, education and transportation experts;
  - The NMEC continues to work on the establishment of a system to prioritize projects and initiatives that come before it in the future.

#### **Regional Facilitation**

##### Regional Summit

**Aroostook County Government, the Aroostook Municipal Association and NMDC** brought together regional community leaders, state agencies and national experts for a regional summit entitled “Regionalism and the County – Connecting Services”.

General Information:

- Summit was held on December 2, 2004;
- Over 800 NMDC staff hours and 300 committee hours were spent on planning and implementation of the event;
- Over 150 participants from the private and public sectors attended;
- Session Highlights included:
  - a presentation by Dr. Charles Colgan on out-migration from his report entitled “Migration and Youth Migration from Aroostook County” which was commissioned by NMDC,
  - examples of successful regional partnerships;
  - a presentation by Nancy Stark, Director of the Rural Governance Initiative, (a nationally recognized joint initiative of the Corporation for Enterprise Development and the National Rural Policy Institute) on how successful rural regional initiatives are created,
  - Maine Governor John Baldacci spoke about the positive tone of community dialogue in Aroostook and the implications for more cooperative service provision in the region.
  - breakout sessions designed as facilitated dialogues about what obstacles and opportunities exist for these community partnerships.
- Participant feedback was extremely positive, with many direct requests for assistance in developing regional services and another similar summit event to benchmark progress
- Several pilot project applications resulted from the summit; including a feasibility study on a regional financial accounting center involving at least 9 communities and County government, and the consolidation of accounting and centralized administration of local funds for three communities that currently have common town management.
- The Margaret Chase Smith Center prepared an Executive Report that, along with video and power point presentations, was distributed on compact disk to all participants.

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. To date, NMDC staff have provided the following time and services to ensure success of this initiative.

- Over 50 hours in grant proposal writing and outreach
- 10 hours organizing regional partners interested in the furtherance of this project, and holding meetings to coordinate efforts.
- 5 hours in ongoing outreach to regional partners to ensure momentum for the project is maintained.

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.

#### *Resort Development*

Through the commitment of over 100 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

In addition to providing targeted assistance to key industry sectors, NMDC has also identified the need to better understand the region’s most prevalent housing issues; while at the same time providing outreach and technical assistance to the region’s home-based entrepreneurs. NMDC staff spent in excess of 60 hours to develop this program which included direct collaboration with other existing housing groups. The first step in this process is to conduct a regional housing assessment to determine the range and severity of specific housing issues. The assessment process will also serve to identify individuals who have home-based businesses and collect information about technical assistance needs. Specifically, the information to be gathered will include:

- Housing affordability
- Blight conditions
- Elderly housing issues
- Homelessness
- Rehabilitation needs
- Special needs housing

**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
- Higher Education in Aroostook County
- Youth Out-Migration
- Local Workforce Investment Board
- Aroostook Partnership for Progress
- Mechanized Forestry Operations Educational Program

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

Earmark Funds – FFY 2005 \$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)

RD funding source: RBOG

Features:

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

## **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. Presentations were made to the Council on issues ranging from the role of the Creative Economy to how child care affects employment to current perspectives on higher education in the region. 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/Obstacles section of this report.

The governing body, the Northern Maine Empowerment Council, met seven 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. 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 one community on two different occasions to reconfigure their PTZ acreage to enable a particular company access to PTZ benefits. Currently, there are 8 companies in Aroostook that are certified for the PTZ program, with an additional 7 companies in varying states of the certification process. There have been inquiries by three or four communities about the process to reconfigure their PTZ acreage.

## **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)

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 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.

## **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.

## **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 of the sectors indicated above. NMEC members will assist Northern Maine Development Commission (NMDC) staff in obtaining current and relevant information from each sector. Criteria will be established to identify and prioritize projects/initiatives from each sector that have regional impact. The review process will 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; and 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 could 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, and set the future economic development program focusing resources from a number of programs on specific goals and objectives. The Board of Directors of the APP consist 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).

## **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 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 reconfiguration of board membership to represent as many sectors as possible and the identification of primary and subsidiary sectors that will be addressed in the plan. 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 businesses in the region. 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.

Global Resorts, Inc. has been retained to perform a feasibility analysis for resort development in the region; the results of which will be reported out in early 2006. To support this initiative, state and federal grants are currently being pursued 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.

With the signing of the MOA with LEAD in the fall of 2004, well-defined responsibilities have been established for each organization. The activities will compliment each organization's initiatives. To that end, LEAD will focus on implementing image development, (one of APP's five key activities for the year) business recognition events and government relations. Improving the County's image internally has been discussed by the LEAD Board in recent years and will become a key component of its objectives for the year. The cooperative relationship between these two organizations, LEAD and APP, sets the example for other organizations in the County to come together and focus resources on a core mission.

### **Resort Development**

The World Cup Biathlon Event (see Partnerships/Alliances section) held in March of 2004 in Fort Kent revealed the need for a significant increase in lodging if more such national/international events are to be brought to the region. Staff from the Maine Winter Sports Center discussed this need with

Northern Maine Development Commission staff to see what could be done to create more lodging options. As a result, the NMDC will be coordinating a feasibility study for possible resort development in Northern Maine. Special emphasis will be placed on lodging development in the St. John Valley area where the biathlon events take place. This analysis will look at existing resources and provide guidance for the development of additional accommodations; possibly in the form of several small resort-style facilities.