

CFED Vermont – March 17, 2008 9:30am – 4:00pm
VTC Campus, Room 215, Adm Bldg.,
201 Lawrence Place, Williston, Vermont
Meeting Notes

Commissioners Present: Mary Niebling, Bill Botzow, Staige Davis, Sam Matthews, Will Patten, Dan Kurzman (9:30a-noon), Hinda Miller, David Mount

Absent: Jay Kenlan, Barbara Grimes, Kevin Dorn, Mary Lintermann, Fred Kenney

Staff: Glenn McRae & Jen Eldred, Snelling Center for Government

Opening Business:

- Minutes from February 4, 2008 Meeting were approved as submitted. Mary Niebling had noted a few typos and would submit separately.
- Report from the Chair - Bill Botzow (Vice Chair) referred the Commission to the note from the Chair that outlined the meetings he and other commissioners had at the legislature in February. (see attached)
- Report from the Snelling Center
 - Requested commissioners turn in their quarterly reimbursement forms.
 - Discussed the idea of a “Public Postings” page on the CFED website. Also discussed was the idea of using blogs to interact individually with each of the RDC’s.
 - Commissioners requested that this topic be discussed at each meeting to keep up to date on what seems to be best option.
 - Need to think about the organization of meetings for moving ahead. Will review this topic at the end of meeting and look to April/May.
 - Public outreach setup
 - Would like at least four commissioners to commit to each location.
 - Jay Kenlan has requested that someone act as a host at each location.
 - All RDC’s seem to be willing – 6 are set at this time.
- Finance Committee

The finance committee has not met.
Awaiting an indication from the legislature regarding allocation for the next fiscal year. The Snelling Center reported that CFED general expenses had been allocated to the SCG contract due to an error in the way they were reported to ACCD. They are working with ACCD to correct this, and requested that a reallocation in the contract be made to increase the expense allocation to cover all upcoming expenses for the public outreach. There would be a corresponded decrease in time allocation so that the overall contract amount has not changed. Approved.

Expenditures as of 3-14 reported by the SCG (summary of report from ACCD)

Per diems & mileage	\$ 3579.27
Snelling Center	\$54,740.00
Misc.	\$ 115.59
Video taping	\$ 2510.00
Total as of 3-14-08	\$60,944.86

* note: about \$4000 of CFED commission direct expenses are in SCG line

* note: A total of \$60,000 was spent previously in FY07

* note: \$89,055 should be remaining of the \$150,000 allocation to CFED for FY08

The idea of possible sponsorships to help support the public outreach component was raised.

➤ **Goals of the Meeting**

- Listening to presenters
 - Pull out basic interests, plans, and benchmarking
 - See attached outline from Jay Kenlan for gathering and organizing information from speakers
- To have a good understanding of public outreach
 - Commissioners' roles
 - Participation
 - The organization/structure to reach goals

➤ **Legislative Report – Overview (see discussion at end of meeting) - Bill Botzow**

- Proposed Amendment to CFED
- Commerce Benchmarks Bill is under consideration as well
 - Need to have benchmarks more defined
 - What criteria should be used to evaluate efforts – look to other states as examples (Oregon)
 - Goals that CFED needs to develop
 - Need to have something to compare to

Need more of an evaluation of benchmarking; how do we tie all of the state program benchmarking processes together?

Panel Presentation

Five guests were invited to speak to the Commission about economic sectors of Agriculture, Forestry and Wood Products. Background information is posted on the Public Postings forum of the CFED website (www.snellingcenter.org/cfed/postings). Additional comments and materials received after the meeting are also posted there.

PRESENTATIONS FROM THE AGRICULTURE AND FORESTRY SECTORS

Chris Bailey, General Manager, Vermont Smoke & Cure, South Barre
Tom Stearns, CEO, High Mowing Seeds, Wolcott
Ben Machin, Redstart Forestry, Corinth
Mark Burzynski, COO, Copeland Furniture, Bradford
Ellen Kahler, Director, Vermont Sustainable Jobs Fund, Montpelier

Areas of focus for discussion:

- Overview of business and activities
- What are the key components of today's agriculture and forestry economy?
- What are Vermont's strengths in agriculture and forestry, and what are points of strategic leverage?
- What are Vermont's weaknesses or challenges in agriculture and forestry?
- In what areas or circumstances do Vermont's economy and economic development policy appear to be successful in agriculture and forestry, and why?
- Conversely, in what areas or circumstances do Vermont's economy and economic development policy appear to have been less successful or unsuccessful in agriculture and forestry, and why?
- How can we measure the outcomes of our public policies as they effect agriculture and forestry?

➤ **Ellen Kahler, Director**

Vermont Sustainable Jobs Fund, Montpelier

<http://www.vsjf.org/>

The Vermont Sustainable Jobs Fund was created by the Vermont Legislature to identify and fund market driven solutions to our pressing economic, social, and environmental issues. VSJF's grant-making and technical assistance programs support innovative enterprises and business networks. Our current efforts focus on the intersection between the biofuels / renewable energy, sustainable forestry and agricultural sectors. We work to accelerate the rate at which products (and the businesses that make these products) from these sectors become firmly established in the marketplace.

See attached presentation notes

- Created by the legislature in 1995
- Designed to look broadly at markets
- Works at the intersection of the green economy, environmental protection, social justice (increasingly working to consider actions in the context of climate change and peak oil)
- Award early stage grants to businesses and business networks
- Proactive strategies to accelerate the development of markets
 - New opportunities; Make supply/demand meet; New technology and infrastructure; Financing; Technical assistance ; Network development; Workforce development
- Partner with agencies at many levels
- Introduction to Agriculture:
 - Dairy farms in Vermont has been declining
 - Total number of farms in Vermont has been increasing and becoming more diversified
 - One example is Black River Produce → organic and one of the fastest growing businesses in Vermont

- Can we build a market in Vermont to buy local foods that will build a significant new agriculture base?
- Introduction to Forestry:
 - Vermont's 4th largest export (\$57M)
 - 13,807 nonfarm private jobs (3.7%) and 3.5% of GSP.
 - ANR staff working with forestry industry are all under federal funding (2)
 - The state needs to setup a commission that specifically looks at forestry industry
 - Need to look at how more of Vermont's harvested trees can be used within Vermont (referenced to the flowchart handout)

➤ **Tom Stearns, CEO**

High Mowing Seeds, Wolcott

<http://www.highmowingseeds.com/>

Tom has been active in the state on organic certification efforts in addition to running a national seed company with a primary client base of major growers (not home gardeners). He has helped develop an agriculture-based network of businesses in the greater Hardwick area (some 24) that meet regularly to provide mutual support and information. One project emerging out of this collaborative is a possible Agro-Ecological Industrial park. A formal proposal has been advanced. Tom moved to Vermont at 18 from Connecticut seeking farming opportunities.

- Only \$15.71 per person in Vermont is directly spent on the Vermont agricultural products. Remarkably this is the highest rate in the country
 - A distant 2nd place is Maine
- Hired 1st employee in 2001, currently up to 35 employees
- Only company of its kind in Vermont
- Helping to rebuild local food systems
- Involved with a local Sustainable Business Owners Network (Hardwick)
 - This is a network where businesses give support to each other – these businesses are usually going through a quick growth period
 - \$10 million in equity
 - Trying to develop an Eco-Industrial Park which would be a combination of businesses working off each other at the same site in order to prevent waste
 - Campaign will begin in 1 year with hopes to start development in 5 years
 - Would provide assistance for several stages to new businesses – this would allow for expansion on the same site and keep all the businesses in one location
- Now is a great time to invest in agriculture because both producers and consumers are ready to accelerate
- Want to become food and energy self-sufficient in Vermont. Food self-sufficiency in Vermont would mean 50,000 new jobs. It is time to set and work to achieve visionary goals
- Need to measure growth annually and set larger goals

- Plenty of capital for agricultural sector, especially, local and organic. Both Venture and philanthropic investors are ready to underwrite ventures with patient capital.

➤ **Chris Bailey, General Manager**

Vermont Smoke & Cure, South Barre

<http://www.vermontfresh.net/member.php?ID=1237>

VSC was founded as 45+ year old Vermont smokehouse crafting world-class products. They spun out from the Farmers Diner in 1996. VSC is a fast grow specialty foods company (revenues tripled in the last two years) and can be considered a key piece of VT agricultural infrastructure, providing smoking services to Vermont's local farmers, in addition to promoting their own brands. The Company has a dual mission of helping to support agriculture in Vermont by providing value-added services for meats and supporting farmers' ability to go to market with their products. They are currently in expansion mode, looking to expand from 3,300 sf facility to 12,000 sf facility and their goal is to become the premium NE regional smokehouse. Chris Bailey spent 7 years full time farming, including 3 as nonprofit executive director. He graduated from Cornell with an MBA (focus in brand management) and has 5 years consulting, marketing, general management experience, including USDA processing facility.

- One of only 2 federally inspected slaughterhouses in Vermont
- Business is old, but in reinventing itself it is acting more like a start-up
- Has tripled sales since 1999 when it was acquired by the Farmer's Diner
- Growth is in local markets
- Create product with Vermont brand – huge advantage
- Tourism works to create a Vermont brand
- Need to sell into local markets
- Consumers need to understand the difference between made or processed in Vermont and the alternative
- State could assist by encouraging green and clean industry
- Business is currently running in a smaller facility, which means at this time they can only handle pork
 - Would like to expand, in particular to include beef, but limited in space to use and is very expensive to build a new facility
 - Costs \$225/ sq ft for the warehouse that would be needed (refrigeration, surfaces, etc.)
- The Department of Agriculture has started to look at this topic, but needs to look in more depth to what should come next

➤ **Ben Machin**

Redstart Forestry, Corinth

Redstart Forestry (www.redstartconsulting.com) is a consulting forestry firm based in Corinth, with 600 private clients (70,000 acres) under management. Redstart also provides forestry services – with support and cooperation from USFS State and Private – to Marsh-Billings-Rockefeller National Historical Park in Woodstock, Vermont. Redstart is managing an innovative pilot project that is aggregating a supply of Vermont grown, FSC certified wood, having it milled at a Vermont mill, and then having it go to a Vermont furniture manufacturer who will produce a new line of furniture using this tracked wood. Ben is a Vermont native and a graduate of UVM RSENr master's program in forestry.

- Consulting firm
- Forestry is behind – especially in consumer awareness; it is a challenged sector on several levels
- Quality is very high in Vermont
- Vermont creates more than it cuts down every year; ensures longevity; the big volumes of quality woods are a bank that has a lot of equity. Markets need to catch up to see how to use this equity.
- Need to increase public awareness that woods from abroad are not sustainable and good options are available in local forests.
- Current Use Program for land owners is essential. Most forestry is practiced in the state as a by-product of land ownership. People own land first and then consider whether to work the forests.
- Consulting forestry is an active and vibrant business in Vermont. Innovation not just for Vermont but to export (GIS technology for management)
- Many different components within Forestry Sector (seeing a decline in essential links in the chain, particularly in local sawmills)
 - Foresters
 - Loggers/Truckers → struggling due to poor housing market, fuel costs, high cost of living in this country right now
 - Sawmills → effected by the same, and also energy costs
 - Secondary manufacturers
- Supply/Demand is not even
- Vermont = Powerful Brand. We have a history of good land management; land owners are interested in being part of something bigger and there are many innovative ways in which land owners are starting to participate actively in managing their forests as an economic asset.
- Involved in testing a new pilot program of linking "tree to product to consumer" to grow more of a market.

➤ **Mark Burzynski, COO**
Copeland Furniture, Bradford

<http://www.copelandfurniture.com/>

100 employees, are located in Bradford and FSC certified as a company. Working with VSJF on the Vermont grown, FSC certified line of furniture as a future strategic advantage for wood products manufacturing in VT if it is to survive in a competitive global environment.

- Mostly sell in large metropolitan areas
- Poor housing market has affected sales somewhat but generally they are holding their own. Furniture and manufactured wood products tends to be a discretionary expenditure.
- The furniture industry currently has only two price points: low or high price. The Chinese have basically undercut all the low price manufacturing. Furniture is a labor intensive industry.
- Started off using more maple products, but have switched to more cherry due to public demand

- FSC certified business. See this certification as an important marketing device. But this is a short term advantage as others will catch up and FSC will become the standard as opposed to a distinction.
- FSC – Forest Stewardship Council – ensures that the chain of custody of materials is handled properly
 - Non-profit organization
 - The state can certify the forests
- Looking to develop products that use soft maple – going to push very hard in the market. A Vermont line of wood may be the continued market edge. The demand for soft maple is new. Need to be able to respond to change in marketplace rapidly, but the timeframes in the wood product industry are long and difficult to change rapidly.
- The whole chain needs to be working together and be coordinated and stable/reliable for the industry to work. Fair price needs to be a cooperative through the whole chain
- Only hardwood mills in Vermont

GENERAL DISCUSSION WITH PANEL - what are the important policy areas and recommendations

➤ **General Suggestions to Commission**

- Use debt equity that comes with strings attached
 - Need to keep capacity available or certain amount must be purchased within Vermont
 - Possibly with state assistance
 - High cost of processing facility for food (+\$235/sqft); getting larger space as small food processors grow is a big problem in Vermont
 - Orient tools to the processing sector - this will help grow both the "raw" materials sources and the ability of value added industries to flourish
- Businesses need to differentiate in order to succeed; State needs to assist
- State needs to promote agricultural tourism
- Map the food system of the entire state
- Promotion of specialties (ex: Vermont cheeses)
- Assist “value added” businesses
- Need more bold leadership from the Department of Agriculture
- Promote FSC certification for Vermont wood operations; for all state lands
- In both industries coordination along the supply chain is essential. Especially need to prop up and invest in the weak links which generally involve processing (food processing; saw mills).
- State needs to unify across all sectors and assist with the marketing of the “Vermont Brand”; VT Brand is easier to do in Ag, as you can brand the "raw" product. With forest products, cannot really brand the tree, need to brand the finished product.
- In all industries, Vermont Quality is key.
- Workforce development: many of the issues of other growing industries - need good people to fill finance, marketing roles; in some specialty businesses have to have workers ready to be trained (High Mowing is a unique business in VT and

cannot just hire people who have directly relevant experience; can pay well from starting at \$10 to experience at \$35)

- Need to develop a network of businesses → small businesses acting as large businesses
- Need more coordination in all industries; e.g., between consulting foresters who do plans for current use.
- Need education up and down the supply chain.

➤ **5 years out**

- What will be the rates of growth or decline in commodities vs. value added for each?
- How do we make this scalable so that each sector has the best chance of substantial growth.
- Policy and infrastructure suggestions:
 - Promote Ag. Tourism
 - Promote specialty cheeses
 - Invest in more processing and distribution capacity in the state so it is affordable for growing businesses (from slaughterhouses to sawmills); this will have a good ripple affect on associated businesses
 - More market development work for value-added ag
 - Support distribution and marketing for small producers - cooperatives, collaborative efforts.
 - Focus on branding for "tree to product"; it will be critical to release the potential of this industry
 - Address the workers comp issue as it relates to loggers
 - Loggers / sawmills really don't see themselves as businesses. They are in the same place in many cases as farmers were 20 years ago. Need the same kind of technical assistance and outreach as was developed for farmers.
 - Short term capital sources for loggers, sawmills
 - Focus on new infrastructure for on site energy production at sawmills, kilns, similar to cow power. Do it now, don't wait until more go under.
 - Education - are we exploring the future of forestry and agriculture in K-16?

➤ **Benchmarking Suggestions**

- Use FSC - number of certifications in Vermont
- Employment and revenue transitions
- Revenue dollars per foot for logging in Vermont (average value)
- Use Department of Labor statistics for understanding job creation/loss for each part of the chain
- Look at percent of food grown / processed in Vermont
 - Purchased
 - Number of farms
 - Number of acres

- State funding or tax credits for “winners” where business has done well
- Look at new way to get Ag census information (Ag census is only done once every 5 years and is a small sample)
- Look at the leverage points in each industry
- Map the sectors; understand all processes and links; pay special attention to where the transactions are from one part of the chain to another. Transactions between sectors are often the weak links that need focused attention.
- Map the "architecture" of each sector. Key functions need to be maintained – look holistically, not business to business

➤ **Commission Aha's**

1. Understand the weak links in the sector. Where is it most impactful to make state investments.

2. Unify more industry sectors under the Vermont brand.

-must maintain high quality and standards

-must move to next level as rest of country catches up or we will lose cache

3. Vermont is a state of small and micro businesses. To succeed we need ways of networking and advancing biz to biz relations so that they have a chance of acting and being treated like a large biz. State has a role in connecting and supporting networks and collaboratives.

➤ **Commission’s Evaluation of Input Process**

- Need to carve out more time for questions
- Hard to move through the outline of items to consider (provided by JK)
- Overview provided by VSJF helped set context - very good
- Valuable – would like to continue doing more sectors with practitioners; time in the past has been with analysts and agency people - lots of background but little direct experience; this was unfiltered and honest
- 8 more regular meetings (in conjunction with public outreach events) – draft is due by December – need to focus on that goal
- Will have large focus on small businesses in the end, but also should try to talk to large businesses (ex: IBM)
 - Also look at in terms of growth, not just size
- Should look at CHEF executive summary
- Don’t need to re-research topics that have already been looked at – need to see what information we have that is good and reliable and then cover the holes
- Include financial services and various forms of lending/investment as one of the future topics
- We need to develop a directional strategic plan; after December there will be more time for deeper investigation and we can modify our conclusions as we learn more.

➤ Ideas for sector presentations for April and May

The Commissioner brainstormed the following list of ideas for April and May for consideration and requested staff to pass on to the Chair to develop the next agendas.

- * Look at key growth areas (High tech, software, the VBM list of fastest growing companies)
- * Financial Services companies and institutions - services, financing, equity for growing businesses
- * Manufacturing - broadly
- * The big biz of VT that are not owned from VT (GE, GD, IBM, Eveready, Omya, Ben&Jerrys)
- * Energy companies

Public Input/Public Outreach

<i>Date</i>	<i>Location</i>
April 23 Wednesday	Brattleboro
April 29 Tuesday	Rutland
April 30 Wednesday	St. Albans
May 5 Monday	Middlebury
May 8 Thursday	White River Jct.
May 21 Wednesday	Burlington

The dates for the six sessions are set. Glenn McRae has met with representatives from the local RDC and other stakeholders in all but Rutland County (this will happen next week).

Many of the regions are involved in starting or planning for a new CEDS or strategic planning effort on their own. (see attached memo on CEDS). They see an important opportunity to link the CFED regional visits with helping to start or advance their own local work.

The process is being designed to bring the Commission into a regional conversation. Our expectation is that the RDC and other stakeholders in the region are most knowledgeable of what the key issues are, what challenges communities and employers face, and what innovative approaches to economic development are already underway. While the commission is interested in gathering information on local and regional initiatives, its charge is to translate this experience and concern into a broad-based state strategy that will help guide action into the future. In simplest terms, this process will attempt to draw out the following:

- What is the regional "story?"
- What supports the region/community economically today?
- How do all of the economic stakeholders work together (RDC, Chambers, WIB, Tech Centers, school systems, higher education, child care providers, housing organization, social service agencies, RPCs, etc.)?
- What does the future hold for current employers, businesses, institutions?
- If areas are growing, why are they growing; what are the conditions of success; are they transferable to other regions?
- If areas are challenged, what is the basis of the challenge; is it something that state policy, resources and assistance might be able to address?

- What infrastructure is necessary to support economic development in the region?

Time and Format

While it might vary from region to region the general process involves a three piece format from about noon to 7:30 pm.

- 1) Meeting with employers/businesses
- 2) Meeting with economic development stakeholders (broad based)
- 3) Public meeting for broader based interaction

The Snelling Center has engaged Heidi Klein (after consultation with the Chair and Vice Chair) to help develop and run these processes. Heidi is an experienced facilitator and process designer and worked with the Snelling Center in 2005 with the Legislative public engagement process on health care reform, and more recently in the stakeholder process conducted for GBIC on the "green" economy.

Regional visit - 3 parts

(1) Site Visit with local employers

- meet with diverse set of area employers either to get broad view or with a group that compose a specific cluster in the region for a deeper view.

(2) Focused conversation with RDC, RPC and associated stakeholders involved in regional economic planning.

(3) Open forum (2 ½ hours – 5:30-8:00)

- ❑ Kiosks staffed by Commissioners on the key components of Economic plan
 - 3-4 stations with key information and specific questions to guide interaction and responses by direct conversations, written cards, and posted flip chart.
- ❑ Brief presentation by CFED
- ❑ Open mike comments
 - Take-away information, surveys, web links
 - Media interviews and post event release to ask for more input

Web based outreach and open forums for response and input

-web – a continuing static resource that offers documentation of process and work

-Post outreach documents for comment – work through stakeholder groups to prompt people to seek these out and use tools to respond.

-response form – seek to drive more people to comment.

-survey – On line survey to ask citizens to respond to key assumptions or initiatives being presented; can be done several times as work proceeds.

Promote additional accessibility to and with each event

- Tape evening event for airing on cable access - coordinate airing schedule with follow-up outreach to regions
- Create an open web forum for attendees at each event to continue to comment during a specific period
- Have tools available so attendees can pass them on to others who could not attend
- Engage local press and other outlets to pass on information and connection to ways to comment
- Have specific closing dates for input from each regional effort

- Compile materials from each region; aggregate materials statewide
- Have a response mechanism so that everyone who participated hears directly back from the Commission - what was heard; with an option to comment further on that compilation
- Conclude with summary and analysis of public input and align it with CFED plan development efforts in June. Use this to plan the next phase of outreach to the other six regions.

COMMISSION COMMENTS

For the public meeting section need to have good outreach and way to draw in a large diverse set of interested individuals and parties. Emphasis should be on jobs and opportunities (the phrase "economic development" does not resonate with a general public).

- Idea to have some kind of incentive for the public to come
 - Meeting with Governor
 - Item giveaway
- Should try to get an editorial in the paper before the event
- Need to work on the title of the event to encourage people to come

LEGISLATIVE REPORT AND DISCUSSION

- Proposed CFED Amendment (See Attached)
 - Language attached to the Appropriation Act has been proposed to clarify CFED's mission, organization and deliverables (see attached)
 - Length of term issues → should be changed from a 6 year term to a 3 or 4 year term
 - 4 years seems to be consensus – can be easily divided to allow for the right overlap and continuity
 - Lack of overlap of positions in 2012 – need to have more rollover
 - Still an on-going discussion
 - Approve of ideas and intents
 - Need to re-consider the first sentence
to cooperatively plan the free enterprise economy of Vermont.
- Draft bill in House Commerce also looks at Benchmarks (see attached)
 - How to evaluate economic benchmarking that makes sense for the state?
 - All agencies are doing benchmarking; how can this be coordinated.
- Telecommunications
 - Allow utility lines for high speed
- Housing Bill

- Will be debated this week in house, unknown status in senate

OTHER

- There was a brief discussion about an upgrade and reorganization of the CFED web site.
 1. Need better photos that look less generic and more like Vermont
 2. Titles of pages need to be more descriptive
 3. Easier to navigate to find specific information

Glenn McRae noted that there will be an expansion of the web to include one page for each regional meeting. Other changes may have to wait until after the public engagement period and may be determined by the next year's budget allocation.

NEXT MEETING

- Date Change to April 28, 2008, time 9am - 3pm
- Try to allow the sector being invited to determine location of meetings
- Attempt to find free spaces to meet to keep costs down

ATTACHEMENTS

NOTE FROM CHAIR ON LEGISLATIVE MEETINGS

From: Jay Kenlan [mailto:jkenlan@kenlanlaw.com]

Sent: Wednesday, February 13, 2008 1:21 PM

To: bbotzow; bgrimes; Bill Botzow; Charlie Smith; Dan Kurzman; Dave Mount; Fred Kenney; Glenn McRae; hinda; Hope.Crifo; Jay Kenlan; kevin.dorn@state.vt.us; Leslie Kelly; mlintermann; MNiebling; Sam Matthews; staige@together.net; willpatten

Subject: Legislative meetings - 2/12/08

Dear CFED Members:

We had a productive and, by and large, positive meeting with legislative leaders and committees yesterday.

The day began with the GBIC *Green Economic Stakeholders Meeting* held at Vermont College. GBIC, with support from the Snelling Center, brought together a diverse group of stakeholders to brainstorm about the policies and conditions that would be effective to grow and support the green economic sector. Much of the discussion paralleled what we have been wrestling with, and some very good ideas were exchanged. It reinforced our conclusion that CFED should take the lead in bringing together the leadership of the "futures" groups to coordinate our efforts and, to the extent possible, evaluate and, where appropriate, incorporate each others work as we move forward with our own missions.

Glenn, Charlie, Bill Botzow, Mary Lintermann, Sam Matthews, Hinda Miller and I met over lunch to discuss our goals and strategies for the afternoon meetings with the speaker and the president pro tem, the appropriations committee and the commerce committee.

Glenn, Charlie, Bill, Mary, Sam and I met with Gaye Symington and Peter Shumlin in the speaker's office for about a half hour. It was my sense that Gaye and Peter are very supportive of CFED's mission and that their view of the direction that we should be taking and our view of our direction are consistent. Gaye expressed concern that we not limit the scope of our work to traditional 'bricks and mortar' economic development issues, or rely solely on the usual sources of information to support our work. It is evident that the speaker and the president pro tem want us to take a fresh and broad approach to an economic development plan for Vermont. I assured her that the Commission agreed with that approach and would be working diligently over the next 10 or so months to produce an economic development plan that met those expectations. It was a positive meeting, however. It is evident that it would be helpful to our cause for me to establish regular communications, particularly with the speaker - I know that she would appreciate it, and I plan to do so in the future.

We met with the house appropriations committee for about an hour. I reviewed the Commission's work since its inception and its recent focus on identifying and developing the components of an economic development plan. Bill and Glenn provided committee members with copies of our January 7 Report to the Legislature and my January 24 budget request memo to committee chair Martha Heath. Concern was expressed that the governor did not include any funding for CFED his budget. Bill responded by agreeing with the committee and pointing out that the Commission did not participate in the preparation of the governor's budget. He made the point that, irrespective of the source of the funding, the legislature, in Act 184, assigned responsibility for economic development planning to CFED and that, if we are to carry out the assignment given to us by the legislature, we needed the legislature's support. I told the committee that the first budget number (\$193,945) was the budget request that had been approved by the Commission and that the Commission felt was the right amount to support our work for the next fiscal year. I also told them that I had proposed the \$155,400 request as "the art of the possible" but that, at

that level, the Commission would be without the benefit of important outside consultants services for research and analysis. The committee chair reminded us that this was going to be a difficult year for any funding and that many worth organizations were likely to be disappointed with their funding. I felt that we made a favorable impression on the committee.

Bill, Glenn, Charlie and I spent another hour with the house commerce committee. Again, I reviewed the Commission's work, its priorities and its current direction and Glenn provided the committee members with copies of our Report to the Legislature. The committee was interested in our thoughts (and work) on identifying existing and emerging economic development sectors, prioritizing the allocation of public resources to the most promising sectors with potential for growth and sustainability, and appropriate benchmarking standards by which the effectiveness of economic policies and programs might be measured. I explained to them that our work plan and our approach to economic development planning would take these issues into account. I left feeling that we had good support for our work among committee members.

All-in-all I felt it was a good day, although until we see what is approved for our funding, the jury is still out. My particular thanks to Mary, Sam, Hinda, Bill, Glenn and Charlie for their help and support.

J.

P.S. - According to our Work Plan, we have 276 days until we submit our Economic Development Plan to the legislature.

A. Jay Kenlan
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3-17-08 Snelling Center Report to CFED

1. Reimbursement forms - turn in
2. Public Postings
 - Page off CFED web site for all content discussion and input to be posted
 - similar to the blog sight that was sent out in January
 - all CFED discussion or sharing of information to be posted
 - all public input and comments to be posted
 - notices sent out to CFED commissioners to check when postings updated
 - A blog page for each region will be created for region specific input and discussion, before, during and after visit.
 - Review and discuss in May
3. Organizing for general meetings
 - requesting and compiling sector specific information as background to discussion
 - how useful?
 - 8 monthly meeting left - need to look at how best those meetings are organized
 - immediate plans for April and May
4. Public outreach and engagement process
 - Visits to five regions (last one this week)
 - Process has evolved to as much as possible parallel and enhance regional CEDS
And strategic planning processes underway (more during discussion after lunch)
 - Availability of Commissioners - see chart

Finance Committee

1. Mis-billing of expenses - reallocation
2. Revise SCG budget to increase expense allotment and lower time for public process

Per diems & mileage	\$ 3579.27
Snelling Center	\$54,740.00
Misc.	\$ 115.59
Video taping	\$ 2510.00
Total as of 3-14-08	\$60,944.86

- * note: about \$4000 of CFED commission direct expenses are in SCG line
- * note: A total of \$60,000 was spent previously in FY07
- * note: \$89,055 should be remaining of the \$150,000 allocation to CFED for FY08

COMMISSION ON THE FUTURE OF ECONOMIC DEVELOPMENT
(DRAFT) MATRIX FOR THE
AGRICULTURE, FOOD AND MARKETS SECTOR
OF THE ECONOMIC DEVELOPMENT PLAN

SEGMENTS

Traditional Agriculture
Specialty Agriculture
Value Added Products
Processing/Production
Potential New Products
Other:

MARKETS

State
Regional
National
International
Imports
Exports

TRENDS

Diversity
Growth
Sustainability

VERMONT 'BRAND'

Identification with Vermont
Connection to Vermont
Uniqueness

COMMISSION ON THE FUTURE OF ECONOMIC DEVELOPMENT
(DRAFT) MATRIX FOR THE
AGRICULTURE, FOOD AND MARKETS SECTOR
OF THE ECONOMIC DEVELOPMENT PLAN

RISK FACTORS

Transportability

Competition (regional, national, international)

EMPLOYMENT

Workforce Availability

Foreign Workers

Older workers

Seasonality

Wages

Secondary Employment

INDIRECT FACTORS

Housing

Health Care

Education

Energy

Planning/Regulation

Public Infrastructure

Arts & Recreation

COMMISSION ON THE FUTURE OF ECONOMIC DEVELOPMENT
(DRAFT) MATRIX FOR THE
AGRICULTURE, FOOD AND MARKETS SECTOR
OF THE ECONOMIC DEVELOPMENT PLAN

CHALLENGES

State

Regional

National

International

Labor costs

Transportation

Energy costs

Commodity products

Economies of scale

Environmental Impacts

Regulatory Issues

EXISTING POLICIES

What works

What does not

How do we know

EXISTING PROGRAMS

What works

What does not

How do we know

COMMISSION ON THE FUTURE OF ECONOMIC DEVELOPMENT
(DRAFT) MATRIX FOR THE
AGRICULTURE, FOOD AND MARKETS SECTOR
OF THE ECONOMIC DEVELOPMENT PLAN

NEEDED ECONOMIC DEVELOPMENT POLICIES & PROGRAMS

Need

Objective

Outcomes/benchmarking

LEVERAGING RESOURCES

Vermont Brand

Public Infrastructure

Industry Clusters

COMMISSION ON THE FUTURE OF ECONOMIC DEVELOPMENT
(DRAFT) MATRIX FOR THE
Forestry and Wood Products Sector
OF THE ECONOMIC DEVELOPMENT PLAN

SEGMENTS

Forestry / Logging

Wood Product Manufacturing

Paper manufacturing

Furniture & Related Product Manufacturing

Wood as Fuel

Forest related tourism and recreation

Wholesale/retail sales (furniture & home furnishings, Lumber and other construction materials)

Potential New Products

Other:

MARKETS

State

Regional

National

International

Imports

Exports

TRENDS

Diversity

Growth

Sustainability

COMMISSION ON THE FUTURE OF ECONOMIC DEVELOPMENT
(DRAFT) MATRIX FOR THE
Forestry and Wood Products Sector
OF THE ECONOMIC DEVELOPMENT PLAN

VERMONT 'BRAND'

Identification with Vermont

Connection to Vermont

Uniqueness

RISK FACTORS

Transportability

Competition (regional, national, international)

EMPLOYMENT

Workforce Availability

Foreign Workers

Older workers

Seasonality

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Forestry and Wood Products Sector
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INDIRECT FACTORS

Housing

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EXISTING POLICIES

What works

What does not

How do we know

EXISTING PROGRAMS

What works

What does not

How do we know

NEEDED ECONOMIC DEVELOPMENT POLICIES & PROGRAMS

Need

Objective

Outcomes/benchmarking

LEVERAGING RESOURCES

Vermont Brand

Public Infrastructure

Industry Clusters

Draft bills in legislature concerning CFED

Proposed amendments to CFED
To be an outside section of the FY 09 Budget Act
Revised March 10, 2008, WPR

Sec. X. 10 V.S.A. §1 is amended to read:

§ 1. COMMISSION ON THE FUTURE OF ECONOMIC DEVELOPMENT

(a) There is established a commission on the future of economic development to cooperatively plan the free enterprise economy of Vermont. The commission is established by the legislature for the purpose of fostering cooperative planning in recognition that the economy of the state will be stronger with a consensus on common goals and directives and with an approach that builds on the unique strengths and challenges of doing business in Vermont.

(b) The commission shall consist of 12 voting members. The governor shall appoint five members, including a chair of the commission; the speaker of the house shall appoint one member, who shall be a member of the house of representatives; and the committee on committees shall appoint one member, who shall be a member of the senate. The speaker of the house and the president pro tempore of the senate shall jointly appoint two members who are not legislators. The Vermont labor council shall appoint one member representing labor; the Vermont association of nonprofit organizations shall appoint one member representing nonprofit organizations, and the governor shall appoint a self-employed person. In addition, the secretary of commerce and community development and the executive director of the economic incentive review board shall serve as ex officio nonvoting members.

~~(b)~~ (c) The first commission shall serve a term from the date of appointment through June 30, 2012, and beginning July 1, 2012, appointed commission members shall serve for four year terms. Beginning July 1, 2012, three of the five at large members to be appointed by the governor, and one of the two non-legislative members to be appointed jointly by the speaker of the house and president pro tempore of the Senate, shall serve an initial term of two years. Except for these initial appointments, all appointed members shall serve four year terms, and a member may be reappointed for consecutive terms. Board members shall be entitled to payments for per diem and expenses as provided under section 1010 of Title 32; and legislative members shall be entitled to payments for per diem and expenses as provided in 2 V.S.A. § 406.

~~(e)~~ (d) On September 15, 2007 December 1, 2008, and thereafter, every five years beginning December 1, 2011 December 1, 2012, the commission shall report to the senate committee on economic development, housing and general affairs, the senate committee on finance, the house committee on commerce, the house committee on ways and means and the governor a proposed five-year economic development plan for the state of Vermont. The commission may contract with a consultant for purposes of developing the plan, and shall apply to the emergency board for any expenses the commission may incur in its official duties.

~~(d)~~ (e) The commission shall report to the joint fiscal committee at such times as the committee shall request on the progress of the commission's economic planning.

~~(e)~~ (f) Each commission's five-year plan shall:

(1) Establish a vision and identify the long-term goals for Vermont economic development and job retention in light of the local and global economic climate and for increasing the well-being of Vermonters and their communities.

Draft bills in legislature concerning CFED

(2) Include a meaningful benchmark process that sets economic development goals with an approach that builds on the unique strengths and challenges of doing business in Vermont and measures the state's position relative to those goals.

~~(3) The plan shall identify~~ Identify prioritized criteria by which to evaluate legislative proposals for economic development programs in the coming five years which will best serve the goals of the five-year plan.

~~(f)~~ (g) In fulfilling its economic development planning responsibilities, the commission shall:

(1) Conduct ~~a planning process~~ planning processes that ~~is~~ are open and inclusive, with broad-based public engagement ensuring participation that is demographically and geographically representative of the state and includes input from a wide range of perspectives, expertise and interests, including the general assembly, state agencies and the administration, regional and local planning and development organizations, municipalities, the private sector, and business organizations, including owners, knowledgeable in the areas of economic interest such as agriculture, social and human services, energy, education, child care, environmental issues, science and technology, arts and culture, transportation, telecommunications, housing, workforce development, and tourism and recreation.

(2) Build a plan by coordinating and considering existing economic development information and strategic plans produced by other organizations and agencies, such as regional economic development strategic plans, comprehensive economic development strategies (CEDs), legislative initiatives, and research and reports by organizations such as the Vermont business roundtable, the Vermont council on rural development, the Vermont technology council, the Vermont sustainable jobs fund, and the University of Vermont.

(3) Include an examination and re-evaluation of the issues critical to encouraging all sizes of business to develop in Vermont, including workforce development, development of higher education institutions, infrastructure development, quality of life issues and tax policy.

(4) Discuss and develop ~~possible working definitions~~ a working definition of the creative economy in the state, identifying and aggregating the creative, artistic, inventive and cultural enterprises, and other new future development sectors of the economy, including media design, sustainable technologies, added value manufacturing, natural resource industries, ~~and~~ environmental technologies, and "green" technologies that comprise part of the state's creative technology and review ~~possible~~ measures and indicators of economic benefit, costs, and contributions to the state from the creative economy sector.

~~(5) Include the development of a meaningful benchmark process that sets economic development goals appropriate for Vermont and measures the state's position relative to those goals.~~

~~(6) Consider and make recommendations to the legislature on any other aspect of economic development that the commission deems appropriate~~ to further the policy statement and goals established in the plan.

~~(g)~~ (h) The ~~plan~~ commission on the future of economic development shall also consider:

(1) The cost-effectiveness of targeted business incentive grants and nonmonetary business aid such as permit and regulatory assistance or other assistance and increased development of infrastructure to further the plan's purpose and goals.

(2) Whether targeting incentives to regions of the state with high unemployment, low wages, or other indications of need for economic development and job creation would better advance the ~~long-term~~ plan's purposes and goals.

Draft bills in legislature concerning CFED

(3) Whether Vermont tax policies place Vermont businesses at a competitive disadvantage and how best to address these policies and mitigate their effects.

~~(4) The specific needs for development or improvement of transportation and telecommunications systems.~~

~~(5) The types of postsecondary institution expansion of development which would attract research and technology firms.~~

~~(6) The advantages and disadvantages of privatizing all or a portion of economic development functions of the state to further the plan's purposes and goals.~~

Introduced by Committee on Commerce

Date:

Subject: Economic development; benchmarks

Statement of purpose: This bill proposes to create a process for the selection of economic performance measures and benchmarks.

AN ACT RELATING TO DEVELOPING CONSISTENT MEASUREMENT STANDARDS FOR ECONOMIC GROWTH

It is hereby enacted by the General Assembly of the State of Vermont:

Sec. 1. FINDINGS; INTENT

(a) The general assembly finds:

(1) A review of several rankings for Vermont's competitiveness and their differentiation shows very disparate results. For example, the Beacon Hill Institute ranked Vermont twelfth and the American Legislative Exchange Council (ALEC) ranked Vermont fiftieth on their economic development competitiveness index. Each outside ranking entity chose different factors.

(2) Within Vermont, our measurement techniques show variations. Job and employment data in the state suffer from definitional disparities which create conflicts for those trying to use the data. The newly established and recently released "unified economic development budget" would be improved by the consistent use of benchmarking by state agencies. Testimony on this study before the general assembly raised concern over state agency benchmarking because of the differing data issues and measuring approaches that affect their use by state government in Vermont.

(b) The general assembly has a responsibility for the promotion of economic development in Vermont that builds on the unique strengths and challenges of doing business in Vermont. The general assembly is interested in what criteria it should use to evaluate the effectiveness of economic development efforts. Many states have structures and methods for measuring the effectiveness of economic development efforts.

(c) The commission on the future of economic development is charged with benchmarking and measuring economic development.

(d) Therefore, it is the intent of the general assembly in adopting this act to establish a logical structure and coherent and uniform set of benchmarks for economic development in this state.

Sec. 2. 10 V.S.A. § 1(h) is added to read:

(h) The commission on the future of economic development with its staff, using as a resource the joint fiscal office and legislative council staff, shall:

Draft bills in legislature concerning CFED

- (1) review the techniques and products of evaluations of economic development utilized by other states;
- (2) develop goals for Vermont benchmarks that build on the unique strengths and challenges of conducting business in Vermont;
- (3) identify a cohort of relevant comparables, considering both domestic and international examples; and
- (4) evaluate Vermont's economic development bench marking.

Sec. 3. DEPARTMENT OF LABOR EMPLOYMENT AND JOBS REPORT

(a) The department of labor shall develop and prominently display a user-friendly, annotated attachment to its regular employment and jobs reports that:

- (1) Identifies whether jobs gained and lost are non-profit or for-profit, and private or public;
 - (2) Identifies whether jobs gained or lost are seasonal or year-round, part-time or full-time.
 - (3) Classifies jobs by size of employer;
 - (4) Classifies jobs gained and lost by industry average wages, and benefits offered benchmarked against Vermont median wages and benefits.
- (b) The department shall collaborate with the joint fiscal office to link information for further public access.

Sec. 4. REPEAL

Sec. 225 of No. 65 of the Acts of 2007 is repealed.

Sec. 5. 10 V.S.A. § 2 is added to read:

§2. UNIFIED ECONOMIC DEVELOPMENT BUDGET (UEDB)

- (a) For purposes of evaluating the effect on economic development in this state, the commissioner of finance and management, in collaboration with the secretary of commerce and community development, shall submit a unified economic development budget as part of the annual budget report to the legislature under 32 V.S.A. § 306.
- (b) The unified economic development budget shall include appropriations or expenditures for all of the types of development assistance, workforce training and education, and the development-related research granted or managed by the state during the prior four fiscal years by all agencies, departments, authorities and other instrumentalities of the state. The budget shall adjust expenditures or appropriations to enable year-to-year comparisons to be made.
- (c) The unified development budget shall specifically include:
 - (1) the aggregate amount and program-specific amounts of all state economic development assistance, including grants, loans, and tax expenditures.
 - (2) The aggregate amount and program-specific amounts of uncollected or diverted state tax revenues resulting from each type of development assistance provided in the tax statutes, as reported in the annual tax expenditure report (32 V.S.A. § 312). If current data is not available, the report may use the average of the three most recent years reported.
 - (3) Performance measurements, including estimated jobs created, increases or decreases in payroll including benefits, and other measures of economic advancement, with clear descriptions of data sources and methodologies.
 - (4) A report of progress in developing consistent and measurable benchmarks of job creation.
- (d) The data presented shall be organized by categories such as administration, workforce education and training, tax expenditures, agriculture, tourism, technical assistance, planning,

Draft bills in legislature concerning CFED

housing, transportation, technology, and research, among others deemed appropriate. Every effort shall be made to standardize definitions of positions and other measures.

Sec. 6. 2009 UNIFIED ECONOMIC DEVELOPMENT BUDGET REPORT

In the 2009 UEDB report, the commissioner of finance and management shall review the various reporting requirements relating to economic development including 10 V.S.A. § 7, 32 V.S.A. § 307(c), Sec. 225 of No. 65 of the Acts of 2005 Adj. Sess. and recommend how to consolidate and coordinate these reports to maximize administrative efficiency and information quality to enable continuing review and oversight by the general assembly. The report shall include legislative proposals.

Sec. 7. 2008 INTERIM REVIEW

The House Committee on Commerce and the Senate Committee on Economic Development, Housing and General Affairs shall review the criteria and evaluation systems for the employment and training programs prior to the commencement of the 2009 legislative session.

Presentation to Vermont Commission on the Future of Economic Development

Ellen Kahler, Vermont Sustainable Jobs Fund
3.17.08

The Vermont Sustainable Jobs Fund is a nonprofit organization formed by the State Legislature in 1995 to accelerate the development of Vermont's emerging, green economy. Our charge is to build markets within Vermont's natural resource industries and the green technology sectors including:

- **Sustainable agriculture**
- **Sustainable forestry and forest products**
- **Renewable energy**
- **Environmental technology**
- **Solid waste / pollution abatement.**

Sustainable development entails meeting the needs of the present without compromising the ability of future generations to meet their needs. It also embodies the intersection of environmental stewardship, social justice and economic development.



Our current strategic focus areas include the emerging **biofuels** market, **forest products** and **sustainable agriculture**. We look for new business opportunities and to support new business networks, natural-products markets, and sustainable local economies. We often act as a catalyst by providing **early stage grants** and hands-on **technical assistance** to enterprises critical to these market sectors.

There is a basic architecture to markets and proactive ways to accelerate their development. When assessing the needs of an existing (e.g. forest products) or emerging (e.g. biofuels) market, we ask strategic questions about the needs of that market. We also map out an industry's supply chain to identify barriers and opportunities that could lead to greater efficiencies, job growth and profitability. We ask these strategic questions on both the demand and supply side of the equation and look for points of leverage, through grant making and technical assistance, which may improve the basic functioning of that market. Typical questions we ask are:

- What does our market research and scoping indicate about new opportunities on the horizon? Which kinds of companies and workers would benefit from these opportunities?
- Can supply and demand find each other efficiently?
- What new or additional technology and infrastructure is needed to improve production within the sector?
- Is there sufficient financing available for growing companies in the sector? Can companies find the right kind of financing for their needs?
- Are the businesses in that market receiving enough of the right kind of technical assistance to ensure success?
- Is there sufficient network development happening within the sector? Does a viable trade association (or business network) exist?

VSJF presentation notes

- What additional education and outreach to policy makers and educational institutions is needed around the needs of businesses in a market?
- Are there additional workforce development needs that will further advance the sector?
- Are their sufficient sales and distribution channels for the products being produced?
- What regulatory and public policy issues need to be addressed in order to advance the sector?

While we do not have the staff capacity or financial resources to address all the needs of a given market, we actively partner with those who have additional expertise and capacity. Ultimately, our market building approach is intended to lead to increasing demand for and supply of sustainable products and has been developed through the lens of wanting to help solve complex problems such as **climate change** and **peak oil**, while also preserving our farms, forests, and natural resources for future generations.

We believe the role of public policy makers is to articulate a vision for the kind of economy we want today and into the future in Vermont and then to set **stretch goals** and **outcomes** we want to achieve with **milestone dates** by when to achieve these goals. Then the role of state agencies is to develop programs that support the attainment of those goals, including proactively encouraging entrepreneurs and businesses to do what they can to help the state reach these goals.

Over the past 10 years, our grant making and the funds we've helped leverage has invested \$1.9 million in wide range of sustainable agriculture projects and \$2.1 million in a wide range of forestry and forest products related projects. In addition, we've provided staff support and funding to help create and/or expand the capacity of 12 trade associations (business networks). Collectively these networks represent over 1,600 Vermont businesses.

Today you are focusing on the Agricultural and Forestry / Forest Products economies in Vermont.

While the total number of dairy farms and dairy cows have declined between the 1992 and 2002 ag census – from 2,373 dairy farms with 168,473 milkers to 1,508 dairy farms with 150,626 milkers, the total number of all types of farms has increased from 5,436 to 6,571. In addition, the market value of ag products sold and the net cash return from ag sales have both increased substantially.¹ This suggests that while the dairy industry may be continuing to decline, Vermont's agricultural economy is diversifying into new markets – often value added niche markets where they command higher margins. Vermont now has 204 organic dairies -- or 18% of total dairy farms -- and the typical size is between 60 – 80 head of cows. That's compared to non-organic dairy farms which have an average of 127 head and the 25 largest operations with 500 - 1000 head of milkers.

And agriculture in Vermont is not just about milk any more, it's also about vegetables, bread, artisan cheese, salsa, specialty meats, seeds and compost. It's about a whole range of products that are supported by an ever diversifying supply chain and distribution network. In fact, Black River Produce is one of the fastest growing companies in Vermont, as is organic food sales in general. In Vermont over the past 10 years, we have seen a marked increase in the number of farmers markets, CSAs, Coops, local foods in our general stores, and more farm fresh foods in our school cafeterias (*see hand out of ag related support organizations*).

¹ Agricultural Handbook for Vermont Counties, report by Center for Rural Studies, UVM

Sampling of Sustainable Agriculture Grants:

- Grant to NOFA-VT for High Mowing Seeds led workshop.
- Grants to enable to launch of the Vermont Cheese Council.
- Grants to Vermont Quality Meats.
- Grant to Composting Association of Vermont.
- Current Peer to Peer Collaborative work with Vermont Smoke & Cure and Vermont Compost Company.
- Grants to UVM Extension and farmers exploring oilseed production to make biodiesel for on-farm use and to create a substitute for imported livestock meal.

What are agricultural support organization and the VSJF ultimately trying to affect in the Sustainable Agriculture arena?

We're working towards more of the food that Vermonters consumer coming from Vermont farms. For example, for over 10 years now Burlington has been working towards the goal of producing 10% of food consumed in the City to be grown in the City – they are almost there. Most agriculture multipliers are very high because it is very labor intensive. When combined with on-farm energy production such as wind turbines or manure digesters for electricity or biodiesel for liquid fuel, sustainable agriculture provides a model for long-term food and energy security.

Tom Stearns – CEO of High Mowing Seeds
Chris Bailey – CEO of Vermont Smoke & Cure

Forest Products represent the 4th largest export in Vermont (\$57million/yr) and employ 13,807 Vermonters (or 3.7% of non-farm private jobs). In 2006, the industry produced \$1.83 billion in output which represents about 3.5% of VT's Gross State Product. The industry generated \$49.21 million in revenue to the state and had a net fiscal benefit of \$12.92 million.² In addition, forest-based recreation and tourism provide employment for over 6,300 people and totaled \$485million in economic activity in 2005. Wood provides energy for approximately 6% of electrical and heating use in Vermont. And for each 1,000 acres of forest land it supports 1.4 forest-based manufacturing, forestry and logging jobs and 1.4 forest-related tourism and recreation jobs.³ Like Agriculture, forest products multipliers are high because of their labor intensity.

Sampling of Sustainable Forestry and Forest Products Initiatives / Grants:

- Early supporter and funder for increasing # of FSC certified acres and the building trades learning about emerging LEED certified market opportunities.
- Cornerstone project with VWMA, educational institutions and VT Department of Buildings and General Services. Wood Products Resource Manual to architects.
- Green Specs project for architects and builders.

² Economic Impact of Value-Added Portion of Wood Products Industry in VT in 2006, report by Economic Policy Resources for VT Wood Manufacturers Association.

³ Economic Importance and Wood Flows from Vermont's Forests, 2007, report by North East State Foresters Association

VSJF presentation notes

- FSC wood broker project (2 years)
- Current work with Redstart Forestry, Allard Lumber Company, Champlain Hardwoods and Copeland Furniture on a Harvest for Use pilot project – current working title of Vermont Green Wood Cooperative.

What are we ultimately trying to affect in the Sustainable Forestry and Forest Products arena?

How could more of Vermont's harvested logs be turned into value added wood products here and sold to Vermont institutions (increased multiplier effect) and to high end markets within the Northeast? Can we do a better job of harvesting trees for their highest and best use? Can the forest products industry – all along the supply chain – begin to fully function like a united industry?

Walk through Forest Products Supply Chain Map

Ben Machin – principal Redstart Forestry

Mark Burzynsky – COO Copeland Furniture Company

Sampling of Vermont's Agriculture Industry Support Organizations

NOTE: *There are many programs that support Vermont's diverse agricultural community and industry. Below is a sampling of some of these entities, it by no means is all inclusive.*

Vermont Agency of Agriculture Divisions⁴

Administration - The Administration Division oversees the operation of the Agency, and protects the interests of the consumer and the agricultural community in the state, the region and the nation.

Agricultural Development - The Agricultural Development Division provides a leadership role in developing local, regional, national and international markets for Vermont products.

Agricultural Resource Management and Environmental Stewardship - The division of Agricultural Resource Management and Environmental Stewardship, or Plant Industry, regulates pesticides, feed, seed and fertilizers, and administers the states agricultural water quality programs including AAPs, and the LFO and MFO laws. It also provides technical assistance and cost shares to farmers to insure compliance of these programs.

Food Safety and Consumer Protection - The Food Safety and Consumer Protection division consists of four sections: Animal Health, Consumer Protection, Dairy, and Meat Inspection.

Agency of Agriculture: Dairy Programs

Public Health Protection Programs

- Dairy Plant Inspection Program
- Dairy Farm Inspection Program
- Milk Pasteurizer Testing Program
- Raw Milk & Dairy Product Quality Enforcement Program

Dairy Policy Development Programs

- Vermont Dairy Promotion Council
- Vermont Milk Commission
- Trade Associations/Organizations Legislation

Dairy Security and Marketing Programs

- Interstate Milk Shippers Program
- Free Sale/Sanitary Certification Program
- Milk Handler Bonding
- Bulk Milk Tank Calibrations

⁴ Excepted from VT Agency of Agriculture website: <http://www.vermontagriculture.com/index.htm>

Excerpts from the Report on the Proceedings of the Vermont Milk Commission, January 15, 2008⁵

According to a report published by the Vermont Dairy Task Force in 2006, plus additional information from the Vermont Agency of Agriculture, the dairy industry generating over \$2 billion dollars a year in Vermont's economy through production, employment and business interactions. Dairy farms alone contribute over \$68 million in state and local government tax receipts. The dairy industry's impact, as an economic sector, equals that of tourism and is also a contributing factor drawing visitors to Vermont.

Vermont produced 2.596 billion pounds (301,860,465 gallons) of milk or 1.4% of the nation's milk supply in 2006 from an average of 142,000 cows. Increasing Vermont's milk supply to 1.5% or 2.70 billion pounds (313,953,488 gallons) of the nation's milk supply would have little to no affect on national milk prices but would provide over 100 million pounds (11,627,907 gallons) of milk for use by Vermont processors. Vermont produced 2.7 billion pounds of milk in 2002 with 154,000 milking cows.

The average size farm in Vermont has 127 milking cows. In comparison to other states, Vermont does not have any large farms. The largest Vermont farms milk just over 1,000 dairy animals. The size and scale of Vermont dairy farms is limited by geography, environmental regulations and availability of open land.

On-farm Management Improvements: The Vermont Dairy Task Force in partnership with University of Vermont Extension, the Small Business Development Center, the Farm Viability Enhancement Program and the Vermont Agency of Agriculture has begun the Dairy Management Team Program in Vermont. This program will begin with 20 to 25 farms in 2007-2008. Dairy farmers involved in the Dairy Management Team program will select their own team of professionals to provide advice and information on farm management priorities to improve profitability on the farm. The farmers and their team will receive training on how best to interact as a group and will be provided a trained facilitator to assist with managing the team in meetings, taking notes, assigning tasks and monitoring progress of the farmer and the team.

The Number of Dairy Farms in Vermont: The number of active dairy cow farms in Vermont as of January 1, 2008 was 1,097. This number continues to decline each year. The factors associated with the decline in Vermont dairy farms include low milk prices, age of the farm owner, and the ability of new and beginning farmers to purchase Vermont farms. At this time there are approximately 100,000 acres of farm land being underutilized in Vermont.

Dairy farm transition in Vermont has never been more difficult. Older Vermont dairy farmers are leaving the industry but find it difficult to find someone new to operate their farms. Retiring Vermont dairy farmers need income from the sale of their farms to fund their retirement years. New farmers have trouble raising the capital needed to purchase dairy farms. To begin a private dairy operation, \$300,000 - \$400,000 dollars in capital or more is necessary. A pilot program poses a solution to the issue of raising capital needed to purchase a dairy farm and provides experience and training for the new farmer.

⁵ <http://www.vermontagriculture.com/fscp/dairy/documents/FinalReportVermontMilkCommission.pdf>

VSJF presentation notes

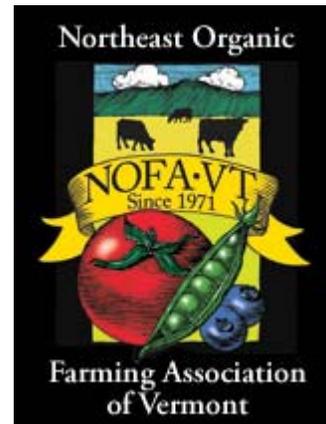
Currently there is a dairy farm incubator project at **Vermont Technical College** which has allowed a young farmer to gain equity in a supportive environment. The young farmer manages the farm but receives input and advice from students, professors and a practicing veterinarian from Vermont Technical College.

The Dairy Farm Incubator Project includes the following:

- Young farmer leases a dairy operation for a period of three years
- Young farmer purchases the herd of cattle for that time period
- Young farmer is responsible for managing the herd of cattle – milking, health, reproduction
- Young farmer is not responsible for production of feed or raising young stock
- Young farmer is responsible for all payments and management of all funds
- Young farmer can earn credits toward purchases of feed by working to harvest feed during summer months
- At the end of the 3 year period the young farmer sells the herd of cattle to the next young farmer and leaves the leased operation with equity to invest in a dairy operation

The **2+2 Program** is also training young people in Vermont for dairy related careers including dairy farming. The FARMS 2+2 program has been enormously successful and by any benchmark has met and exceeded the Vermont Legislature's goals for the program. From May 2000-May 2007, 32 students have graduated from UVM from the 2+2 Program.

The Northeast Organic Farming Association⁶ (NOFA) was originally founded in Vermont <http://www.nofavt.org/> and is the oldest organic farming association (1971) in the United States. It is a non-profit association of farmers, gardeners and consumers working to promote an economically viable and ecologically sound Vermont food system for the benefit of current and future generations.



NOFA Programs

Advocacy for Agriculture

NOFA-VT's is engaged with a broad range of public policy issues of interest to our members and related to our programs in organic agriculture, local food systems, and consumer education.

Apprentice and Willing Worker

NOFA-VT's Apprentice and Willing Worker program trains the next generation of Vermont's farmers, connecting people wanting to learn organic farming with experienced farmers willing to share their expertise.

Eat Organic Eat Local

Information for consumers interested in connecting with their local organic food system.

Farm Financial Resources

⁶ www.nofavt.org

VSJF presentation notes

Grants, loans, and business planning services available for Vermont farmers.

Farm Share

NOFA-VT's Farm Share Program assists limited-income Vermonters in obtaining farm fresh fruits and vegetables.

Farm to Community Mentors

The purpose of the Farm to Community Mentor program is to expand agricultural awareness by developing a community understanding of agriculture and to develop on-going relationships between communities, schools and their local farms.

Farmer Education and Technical Assistance

Are you an organic farmer or market gardener interested in learning more about improving the health of your soils, crops and livestock? Are you interested in learning more about organic transition and certification for your farm? NOFA Vermont's Farmer Education Program is available to help you.

Gardener Education

Information, workshops, and links for NOFA-Vermont's organic gardeners and homesteaders.

Marketing Farm Products

NOFA-VT provides assistance to farmers and farmers' market managers on the direct marketing farm products.

Organic Certification

Vermont Food Education Every Day

Vermont Food Education Every Day (VT FEED) is a community-based approach to school food system change in a rural state through the collaboration of three Vermont non-profits: Food Works, Northeast Organic Farming Association of Vermont, and Shelburne Farms.

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Vermont Food Education Every Day (VT FEED) is a Farm-to-School program with a community-based approach in a rural state through a collaboration of three Vermont non-profits: Food Works at Two Rivers, Northeast Organic Farming Association of Vermont, and Shelburne Farms.⁷

VT FEED:

- Brings together a team of teachers, farmers, food service staff and local leaders to create a "curriculum of place." This curriculum is not an add-on, it can enhance and be woven into current school curriculum.

⁷ <http://www.vtfeed.org>

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- Works with teachers to develop standards-based lesson plans to give students an introduction to Vermont's farm life, agricultural cycles, nutrition education, and their local history
- Is personalized to each community
- Integrates hands-on skills such as cooking and farm-based investigations
- Develops a plan(s) to integrate local foods into your cafeteria and connections with local farmers into your school



We are a non-profit program fostering the relationships that make agriculture a vital part of daily community life in the Upper Connecticut River Valley of Vermont and New Hampshire. We do this through publications, events and community partnerships that celebrate the region's year-round local bounty and bring together consumers, farmers, chefs, processors, schools, grocers, distributors and more.⁸



Farm and Chef Partnerships⁹

The Vermont Fresh Network builds innovative partnerships among farmers, chefs and consumers to strengthen Vermont's agriculture. A strong farm economy creates local jobs, provides nutritious food and preserves the close-knit communities of our state. The Vermont Fresh Network helps Vermont farms and restaurants team up to provide the freshest local food at restaurants.

The Center for Sustainable Agriculture¹⁰ was established in 1994 as a unit within the University of Vermont to integrate university and community expertise to promote sustainable farming systems throughout Vermont and the region. Center Programs include:

Land Link Vermont: Keeping Land in Farming⁴

Many people want to farm in Vermont, but finding a place to do it can be challenging. Land Link Vermont, coordinated by Deb Heleba, addresses the obstacles farmers face in securing and transferring land. The program manages a matching service that connects new-entry and transitioning farmers with retiring farmers and non-farming landowners. Land Link also offers workshops, publications, and consultations that provide information about farmland tenure options, inter-generational transfer of farms, and farm management.

Leadership Development: Enhancing Involvement in Sustainable Agriculture⁵

The Center offers professional development opportunities that increase sustainable agriculture understanding and skills of personnel within Extension and other organizations. Funded largely by USDA's Sustainable Agriculture Research and Education (SARE) program, the Center works with farmers and agricultural service providers to plan and deliver conferences, workshops, farm tours and

⁸ <http://www.vitalcommunities.org/agriculture/vff.htm>

⁹ <http://www.vermontfresh.net>

¹⁰ <http://www.uvm.edu/~susagctr/>

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publications throughout the Northeast.

New Farmer Network: Improving Service to Beginning and Aspiring Farmers⁶

To assure a bright future for agriculture in Vermont, it is critical that we address the special needs of beginning farmers. The Center is a founding member of the Vermont New Farmer Network, which helps new farmers succeed by enhancing their access to land, capital, markets and production skills. The Center facilitates collaboration among the Network's members, and guides new farmers to the resources they need.

Pasture Network Program: Promoting Grazing for Sustainable Livestock Farming⁷

Management-intensive grazing is a practice that can help farmers minimize production costs while protecting water quality, soil fertility, animal health, and the farm family's quality of life. The Vermont Pasture Network Program is a partnership among the Center, the Vermont Grass Farmers' Association, and the USDA Natural Resources Conservation Service. Rachel Gilker and Jenn Colby coordinate the program and facilitate the exchange of technical information through newsletters, on-farm pasture walks and demonstrations, and the annual Vermont Grazing Conference.

Planning for Alternative Enterprises: Enhancing Farm Viability⁸

Alternatives to production of commodities like wholesale apples or fluid milk are increasingly important to Vermont's agricultural future. Allen Matthews helps individual farmers identify new possibilities for their farm. Working with a team of advisors from Extension and the larger agricultural community as part of the state's Farm Viability Enhancement program, farmers identify goals, implement plans, and collect the data necessary to assess what they need to do to successfully diversify their businesses.

Renewable Energy⁹

The UVM Center for Sustainable Agriculture and University of Vermont Extension have partnered with farmers and other organizations to conduct on-farm research and demonstration aimed at growing and processing oil-seed and sugar-producing crops for production of biodiesel. Our goal is to create a model that can be replicated by other small and mid-size farms across the Northeast.

Small Ruminant Dairy Project: Diversifying Vermont's Agricultural Base¹⁰

In collaboration with the UVM Department of Animal Sciences, the Center provides other assistance to sheep and goat dairy farmers, many of whom are producing farmstead cheeses and premium products for which demand is growing. Carol Delaney coordinates the program, including on-farm research projects, farm visits and consultations, publications, and technical workshops aimed at production, marketing and financial management.

Sustainable Horticulture: Educating about Organic and Ecological Production¹¹

The Center distributes publications and videos developed by Vern Grubinger that capture the wealth of knowledge held by experienced growers throughout the Northeast. The Center also supports the Youth Horticulture Project in southern Vermont, which has a small organic farm where young people learn about teamwork, communication, and responsibility by growing and marketing crops.

Network Organizations in Vermont's Agricultural Industry

Vermont Restaurant and Lodging Association

Vermont Apple Marketing Board

Vermont Beef Producers Association

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Vermont Beekeepers Association

Vermont Cheese Council

Vermont Dairy Promotion Board

Vermont Maple Sugar Makers' Association/Vermont Maple Foundation

Vermont Sheep Breeders Association

Vermont Specialty Food Association

Vermont Herb Growers Association

Vermont Berry & Vegetable Association

Sustainable Agriculture Support Organizations

NOFA-VT

Intervale Center

Women's Agricultural Network

The Center for Sustainable Agriculture - UVM

Other Vermont Agriculture Support Organizations

Vermont Farm Bureau

UVM Extension

COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGIES

CEDS

SUMMARY OF REQUIREMENTS

Note: *This document provides a synopsis of the requirements for comprehensive economic development strategies. For further information, interested parties are directed to section 302 of the Public Works and Economic Development Act of 1965 (42 U.S.C. § 3162) and EDA's regulations at 13 C.F.R. part 303. The document is intended to serve as a convenient source for requirements relating to the CEDS. Nothing in this document is intended to supersede or otherwise modify EDA's statute, regulations, policies or procedures.*

Introduction: A comprehensive economic development strategy (CEDS) is designed to bring together the public and private sectors in the creation of an economic roadmap to diversify and strengthen regional economies. The CEDS should analyze the regional economy and serve as a guide for establishing regional goals and objectives, developing and implementing a regional plan of action, and identifying investment priorities and funding sources. A CEDS integrates a region's human and physical capital planning in the service of economic development. Integrated economic development planning provides the flexibility to adapt to global economic conditions and fully utilize the region's unique advantages to maximize economic opportunity for its residents by attracting the private investment that creates jobs for the region's residents. A CEDS must be the result of a continuing economic development planning process developed with broad-based and diverse public and private sector participation, and must set forth the goals and objectives necessary to solve the economic development problems of the region and clearly define the metrics of success. Finally, a CEDS provides a useful benchmark by which a regional economy can evaluate opportunities with other regions in the national economy.

Who should develop a CEDS? A Planning Organization seeking to formulate and implement a regional economic development program will benefit from developing a CEDS. Successful economic development efforts are based on CEDS that provide an economic roadmap to diversify and strengthen regional economies. The Public Works and Economic Development Act of 1965, as amended (PWEDA), requires a CEDS in order to apply for investment assistance under EDA's Public Works or Economic Adjustment Assistance Programs. At EDA's discretion, EDA may accept CEDS that it has funded or CEDS prepared independently of EDA investment assistance or oversight. The following sections set out below on "Planning Organizations" and "Strategy Committees" cover the requirements for EDA-funded CEDS, while the remainder of this document pertains to technical requirements for CEDS.

It should be noted that in determining the acceptability of a CEDS prepared independently of EDA investment assistance or oversight for projects under 13 C.F.R. parts 305 or 307, EDA may in its discretion determine that the CEDS is acceptable without it fulfilling every requirement set out in 13 C.F.R. § 303.7. In doing so, EDA shall consider the circumstances surrounding the application for investment assistance, including emergencies or natural disasters, and the fulfillment of the requirements of Section 302 of PWEDA.

A. EDA-funded CEDS

Pursuant to 13 C.F.R. § 303.6, if EDA awards Investment Assistance to a Planning Organization to develop, revise, or replace a CEDS, the Planning Organization must follow the procedures set forth in paragraphs A.1 and A.2.

1. Planning Organization: A Planning Organization (as defined in 13 C.F.R. § 303.2), typically an Economic Development District (EDD) or Indian Tribe, may be eligible for EDA planning investment assistance. The purpose of such assistance is to develop a CEDS for a specific EDA-approved region. The Planning Organization is responsible for:

- Appointing a Strategy Committee (CEDS Committee);
- Developing and submitting to EDA a CEDS that complies with 13 C.F.R. § 303.7;
- Making a new or revised CEDS available for review and comment by the public for a period of at least thirty (30) days prior to submission of the CEDS to EDA;
- Obtaining approval of the CEDS from EDA;
- After obtaining approval of the CEDS, submitting to EDA an updated CEDS performance report annually. The performance report, in addition to reporting progress on CEDS implementation, should also discuss community and private sector participation in the CEDS effort. Any performance report that results in a

change in the technical components of the EDA-approved CEDS must be available for review and comment by the public for a period of at least thirty (30) days prior to submission of the performance report to EDA;

- Submitting a copy of the CEDS to any Regional Commission if any part of the EDA-approved EDD region is covered by that Commission;
- Submitting a new CEDS to EDA at least every five (5) years, unless EDA or the Planning Organization determines that a new CEDS is required earlier due to changed circumstances.

2. Strategy Committee: The Strategy Committee is the entity identified by the Planning Organization as responsible for developing, revising, or replacing the CEDS. The Strategy Committee must represent the main economic interests of the region, and must include Private Sector Representatives (defined in 13 C.F.R. § 300.3, with respect to any for-profit enterprise, as any senior management official or executive holding a key decision making position, or that person's designee) as a majority of its membership. In addition, the Planning Organization should ensure that the Strategy Committee also includes:

- Public officials;
- Community leaders;
- Representatives of workforce development boards;
- Representatives of institutions of higher education;
- Minority and labor groups; and
- Private individuals.

Strategy Committees representing Indian Tribes or States may vary.

B. Technical Requirements

Pursuant to 13 C.F.R. § 303.7, a Planning Organization must include the following information in a CEDS submitted to EDA.--

1. Background: The CEDS must contain a background of the economic development situation of the region that paints a realistic picture of the current condition of the region. This background must include a discussion of the economy, population, geography, workforce development and use, transportation access, resources, environment, and other pertinent information.

2. Analysis of Economic Development Problems and Opportunities: The CEDS must include an in-depth analysis of the economic development problems and opportunities that identifies strengths and weaknesses in the regional makeup of human and economic assets, and problems and opportunities posed by external and internal forces affecting the regional economy. This analysis must:

- Incorporate relevant material from other government-sponsored or supported plans and demonstrate consistency with applicable State and local workforce investment strategies.
- Identify past, present, and projected future economic development investments in the region.
- Identify and analyze economic clusters within the region.

3. CEDS Goals and Objectives -- Defining Regional Expectations: The CEDS must contain a section setting forth goals and objectives necessary to solve the economic problems, or capitalize on the resources, of the region. Any strategic project, program, or activity identified in the CEDS should work to fulfill these goals and objectives.

- Goals are broad, primary regional expectations.
- Objectives are more specific than goals, clearly measurable, and stated in realistic terms considering what can be accomplished over the five (5) year time frame of the CEDS.

4. Community and Private Sector Participation: The CEDS must include a section discussing the relationship between the community in general and the private sector in the development and implementation of the CEDS. Public and private sector partnerships are critical to the implementation of the CEDS.

5. Strategic Projects, Programs and Activities: The CEDS must contain a section which identifies regional projects, programs and activities designed to implement the Goals and Objectives of the CEDS. This section should identify and describe:

Suggested Projects-

- All suggested projects, programs and activities and the projected number of jobs to be created as a result.
- Lead organizations responsibilities for execution of the projects.

Vital Projects- A prioritization of vital projects, programs, and activities that address the region's greatest needs or that will best enhance the region's competitiveness, including sources of funding for past and potential future investments. These can be overarching "themes" for regional economic development success and is expected to include components. Funding sources should not be limited to EDA programs.

6. CEDS Plan of Action: The plan of action, as described in the CEDS, implements the goals and objectives of the CEDS in a manner that-

- Promotes economic development and opportunity;
- Fosters effective transportation access;
- Enhances and protects the environment;
- Maximizes effective development and use of the workforce consistent with any applicable State or local workforce investment strategy;
- Promotes the use of technology in economic development, including access to high-speed telecommunications;
- Balances resources through sound management of physical development; and
- Obtains and utilizes adequate funds and other resources.

The CEDS must also contain a section that discusses the methodology for cooperating and integrating the CEDS with a State's economic development priorities.

7. Performance Measures: The CEDS must contain a section that lists the performance measures used to evaluate the Planning Organization's successful development and implementation of the CEDS, including but not limited to the:

- Number of jobs created after implementation of the CEDS;
- Number and types of investments undertaken in the region;
- Number of jobs retained in the region;
- Amount of private sector investment in the region after implementation of the CEDS; and
- Changes in the economic environment of the region.

These are not meant to be the only performance measures for the CEDS. Most Planning Organizations developing a CEDS will benefit from developing additional quantitative and qualitative measures that will allow them to evaluate progress toward achieving the goals identified as important in their regions.

For more information: www.eda.gov