Strategic Vision and Business Plan for Job Creation and Economic Advancement

UPDATE 2005
Introduction

“In Vermont’s economy continues to grow stronger since 2004, when I committed to making sure that all Vermonters who wanted jobs had them. Our Strategic Vision and Business Plan was designed to strengthen not only Vermont’s economy, but our families and our communities.

As we move forward with making this state a place where Vermonters can not only work but live, own homes, and raise families, our economic development and job creation efforts are the foundation upon which affordability will be built. We must ensure that the emerging technologies of tomorrow will provide jobs for future generations of Vermonters.”

Governor James Douglas

In January, 2004, Governor Jim Douglas outlined his "Strategic Vision and Business Plan for Job Creation and Economic Advancement". This comprehensive plan to promote Vermont as a place to do business is yielding steady results. This report summarizes those programs and initiatives undertaken under the Douglas administration through August, 2005.

In his State of the State Address in 2004, the governor's commitment to this agenda remained clear. “Our State is growing stronger and our economy is improving," he said. "But for those Vermonters who still struggle to find work the recession continues and to them I pledge my continued resolve. I will not be satisfied until every Vermonter who wants a job has a job.”

The plan recognized that there are short-term challenges that require immediate attention, and longer term objectives that will require our sustained efforts. It addresses all three legs of Vermont’s economic development stool -- Retention, Recruitment and Entrepreneurship. It presents a clear set of recommendations that invest the resources of the State in initiatives that are yielding results in the form of increased productivity, competitiveness, and most importantly - quality jobs for Vermonters.
**RENTENTION AND EXPANSION:**
Retention and Expansion Program
Vermont Training Program
Government Marketing Assistance Program
Regional Development Corporations
International Trade (Vermont Global Trade Partnership)
Captive Insurance/Financial Services
Telecommunications
Permit Assistance
Natural Resources
Vermont Economic Progress Council (VEPC)
Vermont Community Development Program
Vermont Economic Development Authority (VEDA)
Vermont Agency of Agriculture

**RECRUITMENT:**
Recruitment Program
Vermont Department of Tourism and Marketing
Trade Shows

**ENTREPRENEURSHIP:**
Vermont Small Business Development Centers
Vermont Center for Emerging Technologies
Bennington Micro-Technology Center
Incubator Investment Advisory Board
Vermont Investors’ Forum
KEY AREAS: RETENTION AND EXPANSION

The Department of Economic Development (DED) has spearheaded Governor Jim Douglas’ “Campaign to Retain” by supporting our existing customers, fostering job retention and organic job growth through helping existing businesses succeed, increase free cash flow and provide more higher paying jobs. The vast majority of DED’s current budget is directed toward retention, outlined primarily in the programs listed below.

Retention and Expansion Program

Vermont is well known as a state of small businesses, and they are critical to our overall economic vitality, diversity and growth. It is worth noting though, that a large and crucial part of the Vermont economic landscape are its larger employers, its anchor tenants. About 100 employers in Vermont, excluding government and K-12 education, employ over 200 people. Roughly seventy-five Vermont manufacturers, financial institutions and service companies, both home-grown and headquartered elsewhere, comprise over 10% of Vermont’s job base. Add in higher education, health care, tourism and retail and that number grows to nearly 20%. These jobs have a multiplier effect of up to 1.5 to 2.5.

Clearly, keeping these employers and helping them growth and thrive is fundamental to any Economic Development strategy.

The Retention and Expansion Program is newly designed and has been implemented statewide. The department has always devoted the vast bulk of its resources to retaining and growing established Vermont businesses. This new focus expands and formalizes that effort. A key new activity within the program is a formalized Business Visitation Program that has the DED R&E team to meeting regularly and pro-actively with Vermont’s employers, usually jointly with the Regional Development Corporations. These visits facilitate positive relations between the state and employers, both through educating the business community on new programs and services, but also by providing the businesses an opportunity to speak about their issues and concerns.

To support this effort, Governor Douglas proposed the addition of three new staffers (of which the Legislature was able to fund two) to the R&E team (bringing its total to 3) to allow for better coverage of the State’s businesses, large and small.
Retention and Expansion Program Results

- 3 new staff added (total of 4) resulting in substantial increase in onsite business visits
- Letter sent to every Vermont parent company thanking them for their doing business here and complimentary Vermont Life subscription to help familiarize them with the State.
- Implemented new contact management software system
- Assisted ACEDC and Specialty Filaments with relocation
- Worked with Bristol's Autumn Harp Company to save jobs from outsourcing, keeping its expansion in VT versus NY or Canada
- Assisted Vermont Composites Company in Bennington with plant expansion
- Worked with NSK Steering in Bennington to expand jobs in Vermont location
- Assisted Northern Power with expansion and purchase of Bombardier facility
- Supported efforts to retain Green Mountain Coffee Roasters operation in Waterbury
- Assisted Mylan Technologies expansion
- Assisted with R&D World Center for General Dynamics in Burlington creating 200 jobs
- Assisted IDX with decision to expand operations in South Burlington
- Worked with Vermont Castings to lower utility costs
- Assisted Lesley Elizabeth in their new facility in Hyde Park
- Assisted MicroDATA with their decision to expand in St. Johnsbury
- Helped Lydall Westex add jobs in St. Johnsbury facility
- Assisted Ellison Surface Technologies with an expansion in Vt and the addition of 25 jobs
- Worked with Hubbardton Forge on global competition strategies
- Helped Nexus add jobs in Brandon

Vermont Training Program (VTP)

The VTP is a highly acclaimed, flexible, responsive program that addresses the job training needs of individual businesses delivering unique and highly customized training programs. VTP resources allow businesses to integrate new technologies and processes on the workplace floor on an almost immediate basis. VTP also conducts annual ISO 9000:2000 certification training and subsidizes the training programs of the Vermont Manufacturing Extension Center.

Governor Douglas has increased funding for VTP from $663,000 in FY02 to $1.8 million in FY06.
**Vermont Training Program (VTP) Results**

The Vermont Training Program (VTP) of the Department of Economic Development is serving record numbers of Vermont manufacturing companies and workers. In the fiscal year ending June 30, 2,443 individuals at 230 companies throughout Vermont received training.

<table>
<thead>
<tr>
<th>Served*</th>
<th>FY2002</th>
<th>FY2003</th>
<th>FY2004</th>
<th>FY2005</th>
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<td>$770,297</td>
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Based on REMI-model analysis, every dollar invested in VTP yields $2.52 in revenues to the economy. For example, in FY02 the VTP helped Vermont manufacturers create 538 full and part-time jobs.

**Government Marketing Assistance Program (GMAC)**

GMAC is a program co-funded by the Federal Government and run out of DED that supports efforts by Vermont businesses to market their products and services to all departments and agencies of the military and Federal government. GMAC provides invaluable service to Vermont businesses by helping to navigate the oftentimes intimidating government contracting and procurement system.

The Government Marketing Assistance Center has been very successful in assisting Vermont companies to acquire government contracts largely in defense and homeland security sectors. Companies that have landed business as a result of GMAC matchmaking conferences include Duelmark Aerospace of Jeffersonville, General Dynamics of Burlington, Stephens Precision of Bradford, PCM Contracting of Springfield, and Goodrich Aerospace of Vergennes. Through it’s partnering with Vermont’s National Guard; many of these companies were afforded unprecedented access to government defense organizations throughout the United States.

- Vermont Guard members in Iraq protected by Revision Eyewear made in Williston, VT.

"One notable success story in the Vermont Guard relationship is Revision Military of Williston. Revision employs 17 people manufacturing specialized military eyewear currently being used by our troops in Iraq. GMAC’s efforts helped the company obtain a large order from the 82nd Airborne Division of the U.S. Army, noted as a very selective purchaser. Revision won the largest eyewear trial competition the Army has ever done in its history, and the company is now one of 3 companies approved for standard issue to all new recruits. The Montreal-based firm is expected to have more employees in its Vermont facility than in Montreal by December, 2005 -- 1 full year in advance of their original schedule."

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"Strategic Vision and Business Plan for Job Creation and Economic Advancement"
Government Marketing Assistance Center (GMAC) Results

- Held several Matchmaking Conferences for Vermont businesses with 204 small business attendees
- Forged new partnership with the Vermont National Guard and the National Guard Association of the United States. The VT National Guard Partnership brings field experience, military expertise, knowledge of military requirements, knowledge of military procurement and testing resources to Vermont companies.
- Provided technical assistance to over 365 Vermont businesses and provide bid lead services to over 1,400 Vermont company contact people.

Regional Development Corporations

The twelve Regional Development Corporations are statutorily the state’s key partners in the mission to retain and help grow Vermont’s many employers, large and small. Since 2003, funding for these critical “feet on the street” has been increased by 37% from $805,000 to $1.1 million. Our grant agreements with them focus on the critical role that our existing business base plays in the future of Vermont’s economy and we rely heavily on them for local knowledge and strategy. The Economic Development Council of Northern Vermont (EDCnv) is another key partner across the Northern six counties.

Vermont Global Trade Partnership

In early 2004 it became clear that the mechanism for delivering International Trade support to Vermont businesses would need to change. Federal funding for the Vermont World Trade Office was about to lapse and there was no clear substitute. Secretary of Commerce, Kevin Dorn, convened meetings among the various stakeholders and the result was creation of the Vermont Global Trade Partnership (“VGTP”).

VGTP is Vermont's center for international business assistance. Its mission is to provide – through collaboration – sustainable, cost effective and coordinated assistance to Vermont companies doing business in the global marketplace with emphasis on providing technical assistance, information, facilitation, training and support.

The Partnership is comprised of Vermont's abundant public and private international trade resources, coordinated through the leadership of Vermont's Director of International Trade in the Department of Economic Development.

Vermont Global Trade Partnership Results

- Created a one-stop-shop for international trade assistance for Vermont businesses offering market research and technical assistance, educational programs and organized participation in trade missions and trade shows.
- Completed 72 market research & technical assistance projects for businesses throughout Vermont in 2005.
- Established an office at Champlain College in Burlington
- Established an office at Marlboro College’s Graduate Center in Brattleboro
• Sponsored & organized 2 trade missions
• Sponsored & organized 3 educational programs
• Created VGTP web presence on thinkvermont.com/globaltrade
• Launched a well-received monthly e-newsletter ‘VGTP Trade Update’
• Trained/sponsored 5 VGTP interns from Vermont colleges & universities
• Sponsored a Champlain College student internship in Shanghai
• Managed a student team from Champlain College to identify best markets for Vermont’s environmental technology industry

**Captive Insurance/Financial Services Program**

Vermont has had several years of record growth in the Captive Insurance Industry and continues to be the largest on-shore domicile and the third largest in the world. The last several years have proven to be the most competitive with nearly half of all US States offering enabling captive laws. To address this challenge Vermont has launched a variety of new initiatives to help retain our position as the domestic leader. New activities include an aggressive campaign of educational seminars and speaking opportunities. These educational seminars have been held throughout the US and help showcase Vermont’s knowledge and experience in the captive arena. The department has also developed a captive insurance newsletter and is actively reaching out to our existing captives. The department has overhauled its captive website, www.VermontCaptive.com and is positioning it as the leading domiciliary source for captive information.

In 1996, Vermont implemented the Financial Services Development Tax Credit. The program was created as a tool to attract and retain financial services companies, which represent a clean industry, providing high paying jobs. The program is available for a specific group of companies in the money management industry including: mutual funds companies, investment companies, investment advisors, investment research firms, hedge funds, fund distributors and fund administration firms.

The credit is based on a formula that rewards companies for having in-state employees deriving revenues from non-Vermont customers. This program was strategically designed to recruit and retain financial services companies that have clients that do not reside in Vermont. The tax credit has the potential to create up to a 75% credit on the Vermont corporate income tax return. A recapture provision is included to ensure that employment levels are maintained. The credit has a scheduled sunset for tax years beginning on or after January 1, 2007.
The financial services tax credit plays an important role in supporting the growth and recruitment of this industry. The credit helps open doors and it sends a positive message that the state is focused on this sector. Since these jobs are extremely portable, the financial services industry is highly recruited by competing states. That being said, Vermont already has demonstrated via the captive industry that, if given the proper tools, it can be competitive for a desired industry not normally attracted to rural states. The overall growth of the financial services sector in Vermont has been steady, especially given the industry's significant consolidation and volatility in recent market cycles.

In prior years, the Department has had minimal resources to promote the tax credit and therefore to grow the financial services industry. With recent increased resources, however, this effort is being strengthened. It is important to note that this program is approaching its final year as it is scheduled to sunset in 2007 unless it is renewed for future years.

**Captive Insurance/Financial Services Program Results**

- The governor hosted a meeting of some 20-30 top-level financial services industry representatives at Middlebury College to promote Vermont as a place to do business and providing an excellent example of leveraging partnerships.

- The Episcopal Church Pension Fund was recruited and has established an office in Bennington initially creating 10 new jobs. A total of 25 jobs are projected.

- The Captive industry now generates in excess of $20 Million in tax revenues to the state annually.

- Three new Captive Management Offices opening during the first half of 2005.

- 2003 marked the greatest one-year growth of new captives in Vermont’s history and subsequent growth has remained strong in spite of increased competition.

- A milestone was reached in September 2004 with the licensing of the 700th Vermont captive insurance company. Another first was the announcement of an expansion of ACE USA opening an office in Burlington. This reinsurer, with its parent company based in Bermuda, represents a significant step forward in the evolution of Vermont’s captive industry infrastructure.

- 2005 has been another solid year for growth of Vermont’s captive infrastructure. With the help of the Department, three new captive management companies have opened offices in Vermont. These three internationally recognized captive management offices were Liberty Mutual, HSBC and Arthur J. Gallagher. All three bring significant networks behind them that should help drive business to Vermont.
Financial Services Industry Growth

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Payroll</th>
<th>Number Of Cos.</th>
<th>Jobs Totals</th>
<th>Net jobs Per year</th>
<th>Net jobs Since 1996</th>
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<td>812</td>
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<td></td>
</tr>
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<tr>
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</table>

Telecommunications Program
Governor Douglas set a bold goal of 100% Cellular coverage along our major roadways and to have broadband service available to 90% of Vermonters by 2007. This administration has raised awareness across the state in directing the Agency of Commerce and Community Development to lead the charge in getting critical telecommunications infrastructure developed throughout Vermont. The Department of Public Service and ACCD teamed up to draft an in depth, and nationally praised Telecommunications Plan that Gov. Douglas launched in September of 2004. Since then, ACCD and DPS have implemented numerous initiatives outlined in the Plan.

Cellular Coverage: By the end of 2006 the industry will have deployed over 50 new sites since 2002 throughout the state. The Wireless carriers are very encouraged by the new “pro-telecommunication” face that has been put on Vermont’s state government. DED is working to improve the ACT 250 permitting process, local zoning and is connecting the providers with key state officials. Currently, we estimate the coverage at 80% along the key routes and more aggressive legislative initiatives need to put in place before our goal will be achieved.

Broadband Availability: The current availability of Broadband for Vermonters is just over 80%, which is consistent with, if not ahead of other rural states. This number represents a 10% increase over the past 18 months. While we are comfortable that we will achieve our 90% goal, our strategies are now shifting to the 100% availability goal by 2010; our hope is to reach that level before that date. Recent investments by Verizon and Adelphia/Comcast have brought the service to many rural areas in the Northeast Kingdom and other regions.

Wireless Broadband companies are delivering services to several rural towns, and our Wireless Project Manager is actively assisting these companies in those efforts.
Telecommunications Results
The Department has also issued a number of broadband grants that are just beginning to take effect, but private sector investments will be the most significant driver of these networks. With the assistance of Sen. Leahy, we have also secured an $8 million Federal Highway Grant, with the assistance of Sen. Leahy that will be used to install a high capacity Fiber optic network along the interstate system. This network will also be utilized to deliver rural broadband and improved cellular service.

- The Telecommunications Plan was completed and finalized on September 1, 2005. The plan has received praise throughout the state and from several national experts for its thoroughness and vision. The plan reflects the Governor’s leadership in setting bold goals, outlining an aggressive plan and providing service providers with the tools to get the services deployed. Clearly Governor Douglas has raised awareness of the importance of telecommunications infrastructure as he directed the PSD and ACCD to lead the charge to create a comprehensive plan.

- ACCD has also organized a number of Telecommunications Summits providing a forum for providers and key customers to discuss the Governor’s goals and the pathways for achieving them. In several instances these meetings have produced new business relationships among providers resulting in accelerated broadband deployments in the state.

- Verizon is continuing to build out their DSL broadband product to serve the “last mile” in our medium-sized communities.

- The cable and Independent Telephone Companies have broadband available in almost all of their service territories. And a new player has emerged—the Wireless Internet Service Provider (WISP). WISPs are steadily bringing services to our more rural citizens. ACCD is facilitating the WISP deployments to ensure the state is blanketed with coverage. This administration’s success in securing approval to provide free lease of state properties for collocation and target broadband grants are key tools being used to expedite the WISP deployments.

- Backbone Fiber & Microwave Networks: Several middle mile fiber networks have been either turned up or have begun construction.

- Cellular Coverage: ACCD has launched a Wireless Zoning Assistance Project that provides local officials with free technical expertise in the siting of wireless antennas. In 2004, this program will have assisted seven communities along the major routes identified by the Governor and we expect to have carrier deployments in these towns in 2005.
**Permit Assistance Program**
DED supports Vermont businesses wishing to expand or companies looking to locate here with direct, hands-on assistance in obtaining necessary permits. DED staff interfaces with federal, State and local regulatory authorities in order to advise affected businesses on the permits they need to obtain and help them navigate the process.

- Brownfields Reclamation Program. This initiative revised the Brownfields Reclamation Program removing the requirement that they be located in a designated downtown.

- Brownfields Initiative. DED has helped staff this new program to coordinate the reuse of abandoned or underutilized sites that are under the cloud of known or perceived hazardous contamination. This is involving the creative use of VCDP funding under a Brownfields set aside, and the development of funding through the newly capitalized Brownfields Revitalization Fund. This initiative is designed to encourage reclamation through incenting and assisting in redeploying these un-used assets.

- Examples of a few companies that the program has worked with:
  
  Putney Paper, Putney  
  MED Associates, Georgia  
  Ellison Surface Technologies, Rutland  
  Harpoon Brewery, Windsor  
  North Hyde Park Industrial Park

**Natural Resources Program**
DED has a full-time staff person who works with Vermont’s wood, natural products and agricultural sectors to provide assistance in a wide range of areas. A memorandum of understanding is now in place between DED, the Departments of Agriculture, and Department of Forest, Parks and Recreation that governs the day-to-day coordination between these departments. In addition to direct economic benefits, the program helps our rural economy specifically while preserving our working landscape.

- The Vermont Wood Marketing Council The VWMC was launched with the department's leadership to help create a single source place to receive input on issues related to "brand" and other marketing issues the five Vermont wood associations might have in common. The Departments of Economic Development and Forest and Parks along with its other partners will now work with them to help find funds and assistance to resolve those issues as well as develop new opportunities for the Vermont wood products industry. The wood industry in Vermont, as reported in 2001, accounted for 18,463 direct and indirect jobs with the majority of these jobs located in the more rural areas of Vermont.
Natural Resources Program Results

- **Vermont Tubbs, Brandon**  International competition has had a major impact on furniture manufacturers in the United States generally and in Vermont as well. Vermont Tubbs, located in Brandon, had actually announced the closing of its doors due to a lack of sophistication in dealing with a rapidly changing marketplace. The Department, its partners, and key Rutland County citizens worked to bring in new investor/operators to take over the business. Almost two years later they have the respect of their customers and community as a very dependable high quality manufacturer employing 110 people.

- **Ethan Allen**  The Ethan Allen plant in Beecher Falls will be reducing its energy costs by approximately 20% through a partnership with Vermont Electric Coop to purchase and operate a co-generation facility. Led by the efforts of DED’s George Robson, the project received financial support from both the Vermont and New Hampshire Community Development Block Grant Programs. To make this project feasible with all the regulatory requirements, seasonal construction issues, and other timing issues, the newly developed Early Response Process in the CDBG program had to be implemented. The anticipated reduction in energy costs is the last item in a list of issues that was outlined approximately two years ago by Chairman of the Board M. Farooq Kathwari that needed to be achieved in order that Vermont plants could be competitive with other plants around the country and abroad.

- **Dirigo Paper, Gilman**  The Department of Economic Development worked aggressively to support the reopening of the former Gilman Paper Mill in the Northeast Kingdom and restore the jobs that were eliminated by American Tissue Company’s bankruptcy. The mill had last produced paper in April 2002. With a combination of a Community Development Block Grant, VEPC tax credits, and Vermont Training Program assistance a new company was formed and the plant began production. Again, DED and CDBP led collaboration with their counterparts in New Hampshire to bring an important Northeast Kingdom asset back on line. 100 jobs have been created as a result of the agreement announced in August 2004.

- **Vermont Plywood, Hancock**  The former Chesapeake Hardwoods was the major employer in Hancock, Vermont, before the company closed the plant and moved production to Virginia. What looked like another story of a manufacturer moving out-of-state was turned around with the personal intervention of Governor Douglas. With assistance from the Department of Economic Development, a Community Development Block Grant, Green Mountain Economic Development Corporation, and VEPC tax credits, the plant is operational under new ownership employing approximately 40 workers.
**Vermont Economic Progress Council (VEPC)**
VEPC is an independent entity governed by a board of nine business people from across the state. VEPC has two primary functions: administer Vermont’s economic advancement tax incentives program and to develop a long-term economic plan. The tax incentives are predicated on job growth and capital investment and have as a primary condition that “but for” the authorization of the tax incentives, the economic activity would either not take place or be significantly diminished. The authorized company must achieve its approved benchmarks over time and have Vermont-taxable income in order to earn the award. The administration has proposed modifications to the program that make it more predictable for the business and ease administration.

Summary of Activity since January, 2003
- **Total Tax Incentives Authorized:** $39,757,930
  - Income Tax Incentives: $(37,178,670)
  - Education Tax Incentives: $(2,579,260)
  (Period incentives expected to be earned: 2003 – 2009)
- **Projected jobs to be created between 2003 and 2009:** 2178
- **Average wage of jobs to be created:** $37,760
- **Projected investments between 2003 and 2009:** $365.5 million

New jobs created between January 2003 and July 2005, as reported by companies authorized since January 2003: 433

**Vermont Community Development Program (VCDP)**
VCDP assists communities by providing financial and technical assistance to identify and address local needs and priorities in the areas of housing, economic development, public facilities and public services primarily for persons of low and moderate income.

The Department of Housing and Community Affairs administers the Vermont Community Development Program. The “CD” program distributes about eight million dollars per year for housing, economic development and other community development projects. With respect to business retention, the Department has awarded grants to municipalities that were then loaned to businesses to help those firms compete in a global economy.

- In the past two and a half years the Department has awarded a total of $6,026,500 that retained or created 638 jobs. It should be noted that $2,546,500 was awarded to closed businesses which were brought back to life, creating 130 new jobs that were previously lost.
The Department also makes grant awards for expansion of businesses and over the past two and a half years has awarded a total of $1,532,000 dollars resulting in the creation of 218 new jobs. The Department also allocates 1% of its annual allocation for micro enterprise development. Over the last two and a half years the Department has expended $260,909 on this entrepreneurship assistance program supporting the creation of 230 businesses with 325 employees.

**Economic Development VCDP Grants since January 2003**

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<thead>
<tr>
<th>Grantee</th>
<th>Project Name</th>
<th>Award Amount</th>
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<td>Town of Derby</td>
<td>Community and Technology Center</td>
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<tr>
<td>Town of St. Johnsbury</td>
<td>MicroDATA GIS</td>
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<td>Town of Brattleboro</td>
<td>Omega Optical</td>
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<tr>
<td>Town of Barre</td>
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<td><strong>Total Economic Development Grants</strong></td>
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<td><strong>$2,533,000</strong></td>
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**Vermont Economic Development Authority (VEDA)**

VEDA acts as Vermont’s financing authority for a very important segment of our economic development activities including agricultural finance. In addition to its direct lending programs, VEDA provides guarantees for loans and issues taxable and tax-exempt bonds. In 2003, Governor Douglas created a $105 million package of proposals including funding for job training, recruitment and more than $100 million in new capital to Vermont companies through the Vermont Economic Development Authority. This included the Vermont Opportunity Fund, a $25 million fund designed to provide mezzanine financing for Vermont’s entrepreneurial companies.

**Supporting Association Infrastructure:**

A key part of the DED retention and recruitment strategy involves identifying key clusters of businesses that find Vermont a good place to operate. To facilitate cluster growth, DED has fostered the development of associations that can provide support to existing businesses in the cluster as well as attract new businesses to the State.
• **Vermont Environmental Consortium:** With sponsorship by DED, the VEC was established to support the emerging environmental product and services industry in Vermont. The VEC helps member companies develop markets and is working with Vermont higher education institutions to help train the workforce that will supply employees to companies as they grow.

• **Health Science:** DED is in the formative stages of developing an association that will support the bio-tech and health sciences industry in Vermont. DED is working with the Vermont Center for Emerging Technologies to organize this important and growing industry cluster.

• **Vermont Wood Manufacturers Council:** This organization supports Vermont’s legacy wood products industry. DED effort’s over a number of years helped get this very important group established.

• **Vermont Specialty Foods:** DED is in the early stages of assessing partnership opportunities with the specialty foods organization.

**Vermont Agency of Agriculture**

Agriculture, a mature industry in Vermont, is finding new growth in diversified production; value added products and farm based energy. The Agency is working with the Departments of Tourism and Marketing and Economic Development to advance a strong marketing program building upon the state's "brand" strategy. Significant work has been completed this summer in identifying brand attributes and a “Vermont Promise” that works for all sectors and is compelling to consumers. A piece of this strategy is to reposition the Vermont Seal of Quality program as a mark of Vermont origin, quality and nutritious food. The fastest growing segment of the U.S. specialty food industry is what marketers term “place based” foods, that is, foods that consumers identify with the place where the primary ingredients are grown.

With obesity becoming an epidemic, attention to nutrition is increasing in the media and consumers are more often making purchasing decisions based on nutritional qualities. These messages are in line with the coordinated brand and will assist Vermont’s food manufacturing industry.

• Dairy remains the leading agricultural industry in Vermont representing 85% of farm-gate receipts. In April of 2005 the Vermont Agency of Agriculture created the Vermont Dairy Task Force in order to pull it together the dairy industry to provide leadership/coordination, help establish common vision/goals, and coordinate activities to move the dairy industry toward those goals.
• DED Commissioner Michael Quinn chairs the Economic Development committee of the Agency of Agriculture's Dairy Task Force. This committee is working to find solutions that will strengthen the State's Dairy Industry, improve its financial results, and facilitate Dairy's ability to sustain itself as a vital economic force in Vermont. This effort is a great example of one of the administration's many cross agency collaborations with participation at the highest levels.

• The Vermont Methane Project, a partnership between the Agency of Agriculture and the Department of Public Service, was instrumental in supporting four farm methane projects in the past two years. The projects contain research and development components for farm energy as well as nutrient management technologies. As part of these efforts Central Vermont Public Service created the Vermont Renewable Development Fund to support the development of farm based energy known as “Cow Power”. While much of this work will support retaining and growing existing Vermont agricultural and other businesses, recruitment and development of ag-related, technology-based businesses is a complementary and key element of this strategy.

KEY AREAS: RECRUITMENT

Thanks to the recent creation of a full-time position focusing on recruitment, the Department has been able to create and begin implementation of a plan to attract jobs to the state. The core strategies of this plan are as follows.

• Raise perception and awareness levels of Vermont's business climate through an increased proactive role to educate the targeted market segments of alumni, second homeowners, state and national media, and foreign direct investors. This program includes activities such as advertising in Vermont alumni publications, hosting special events for second homeowners at ski resorts, advertising in targeted trade publications, partnering with the Vermont State Chamber of Commerce to attract foreign investment, and mounting a national media campaign with the goal of positive editorial coverage.

• Focus on the target industry sectors of environmental technology, biotechnology, and financial services to maximize limited resources. This includes collaborating with the Vermont Environmental Consortium for Americana and Globe, two environmental technology trade shows; collaborating with Maine, New Hampshire, UVM, and the Vermont Center for Emerging Technologies to participate in BIO, a large biotech show; and leveraging the existing financial services tax credit to attract jobs in this clean industry with high-paying jobs.
Recruitment Program Results

- Hired new Director of Business Recruitment, January, 2005

- Worked to bring Electronic Warfare Associated (EWA) to Montpelier. EWA has close ties to the National Center for Counterterrorism and CyberCrime and has created several very good, high-paying jobs. The company is on track for future growth in Vermont.

- Supported Liz Lovely move to Vermont from Pennsylvania. Liz Lovely produces vegan cookies and now employs 5 in Waitsfield.

- Attracted Simport to Vermont from Beloeil, Quebec. Simport anticipates hiring 90 people at its new Georgia facility. DED and FCIDC collaborated to put together a competitive package for the company which was also being heavily courted by New York. This success story shows that Vermont can compete head-to-head with New York and win.

- Revision Eyewear, Revision is a small company from Montreal which has decided to locate its US operations in Williston. Revision is a growing company that has utilized our GMAC program and the new National Guard Partnerships.

- Assisted Vermont Plywood in Hancock in attracting new investment to re-open the plant (40 jobs)

- Successfully supported an out-of-state entrepreneur in acquiring and re-opening the paper mill in Gilman (100 Jobs)

- Successfully assisted with sale and re-opening of Vermont Tubbs in Brandon, to an out-of-state manufacturing and investment group.

- DED is currently working with six active prospects.

- DED has contracted with lead generation consultants to pre-qualify prospects.
• **Educate** corporate site location consultants about Vermont's strengths. This includes networking at CoreNet, the industry's leading tradeshow, participating in a conference that provides one-on-one meetings with consultants, hosting familiarization trips of consultants into the state, and advertising in appropriate trade publications. Further, DED's GIS project will work to consolidate locational information developed around government to present a useful picture of Vermont’s economic resources so that we can make informed decisions on how best to realize on Vermont’s economic potential.

• **Build** a database of prospects likely to expand or relocate through outsourcing. This database will provide relevant information on prospects and will categorize them by likeliness of making a move. Starting with those most likely to expand or relocate, follow-up activities can range from providing collateral materials to bringing prospects to the state to showcase Vermont.

• **Leverage** the Vermont brand in all marketing activity. Vermont's strong brand that is synonymous with quality will be utilized for strength of message and consistency.

**Vermont Department of Tourism and Marketing**

As a mature industry with ample capacity and remarkable infrastructural stability, the key focus for the Vermont Department of Tourism & Marketing (VDTM) over the last two years has been on expansion of opportunities and market share for Vermont tourism businesses in both international and distant domestic markets as well as tapping the significant potential remaining within existing markets. This mission is achieved through aggressive promotion of the Vermont brand in key drive/fly markets utilizing traditional advertising media, trade and consumer shows, and public relations.

VDTM is a vital strategic partner in DED’s business recruitment efforts, specifically in targeting second home owners as a source of potential new Vermont enterprise.

In January of 2005, with assistance from Jay Peak Ski Resort we sponsored a Recruitment Event for these second home owners. The goal of the event was to begin to increase these individuals awareness of opportunities to expand their relationship with Vermont through either expanding or bringing their business here or starting or acquiring new businesses in Vermont.
KEY AREAS: ENTREPRENEURSHIP

Vermont Small Business Development Center (SBDC)
The Vermont Small Business Development Center, in partnership with the Vermont Department of Economic Development, helps small business continue to provide quality jobs for Vermonters. Over 4 out of 5 Vermonters work for small business. An effective and efficient management assistance tool like SBDC is critical to the health and vitality of Vermont’s economy. Vermont SBDC offers individual counseling, workshops, technology development and commercialization assistance, regulatory and compliance assistance and high-quality training programs in finance, marketing, sales, e-commerce, QuickBooks™, human resources and a wide range of other issues. This SBA affiliated organization is a critical force multiplier in supporting entrepreneurship in the state. Since 2003, the SBDC has received over $1 million in state funding. A critical factor in this area is a close partnership between DED’s GMAC program and SBDC to support Small Business Innovation Research (SBIR) activities and some of Vermont’s technology based entrepreneurs. In this arena, DED funds support a time positions at SBDC devoted to our Technology based economic development strategy.

Vermont Technical College, Enterprise Center
The purchase of this center, located in Randolph, was largely funded by a $750,000 Community Development Block Grant. The center is staffed by SBDC with a mission that will facilitate the growth of innovative and ambitious companies by providing them access to flexible space, business support services and networks. The Enterprise Center will be a visible contributor to economic development in central Vermont through tenant growth and job creation. It will be a primary source of support and assistance for early stage business growth in the region.

Vermont Center for Emerging Technologies
With an initial investment of $100,000 and additional federal support arranged by Senator Leahy Governor Douglas launched a partnership with the University of Vermont to create the Vermont Center for Emerging Technologies.

The VCET incubator initiative is intended to help launch new enterprises by providing traditional business incubator space, access to specialized equipment and expertise, and improving entrepreneur preparedness to access seed and venture capital through mentoring and a formal capital formation program. To best leverage resources, the VCET will partner with other small business incubator facilities and a network of public and private business assistance organizations throughout the state, and will have a strong focus on matching entrepreneurs with qualified investors and experienced business mentors and advisors.
**Bennington Micro-Technology Center (BMC)**

The BMC, located in North Bennington in partnership with former faculty from RPI, will supply state-of-the-art facilities including space, equipment and manufacturing expertise to firms and entrepreneurs wishing to test and manufacture high performance micro devices and machines. This project will act as a magnet for small, developing companies in advanced micro-manufacturing in southwestern Vermont and is expected to generate over 500 jobs within five years. The job creation will flow from startups, expansions, and recruited firms attracted to this facility’s world-class expertise in micro-systems development, testing, equipping and test manufacturing.

**Incubator Investment Advisory Board**

Under the direction of Governor Douglas, the Department of Economic Development has convened a collaborative to examine incubation statewide, including resources, needs, and best practices. The critical outcome from this effort to date is the hiring of an international Incubation and Technology-Based Economic Development Consulting Firm to lead a market analysis of the state’s resources and capacities for both business incubation and risk capital expansion and provide a strategy for maximizing these resources to benefit Vermont’s economy. Once the research has been completed and a basic framework has been developed, the scope of input will be broadened. The goal will be to establish a mechanism for evaluating proposals for incubation programs and facilities that will maximize the likelihood of successful application of Vermont’s scarce resources, to the growth of high-impact new businesses.

**Vermont Investors’ Forum**

The Department co-sponsors the annual Vermont Investors’ Forum. The goal of the event is to connect entrepreneurs and inventors with seed and angel investors. The presentations at the event by these start-up companies exemplify Vermont’s entrepreneurial spirit.

The forum was started in 1993 to bring investors and venture capital firms together with Vermont companies seeking capital to grow their businesses. This year’s presenting companies included three medical products companies, four software companies’ two e-commerce companies and an e-commerce fulfillment firm.