

Addison County Comprehensive Economic Development Strategy

Working to Strengthen Access to Quality Jobs



Administrative Support Provided By:
Addison County Economic Development Corporation

Phone: (802)388-7953

Fax: (802)388-0119

Email: info@addisoncountyedc.org

1590 US Route 7S, Suite 2

Middlebury, VT 05753

Addison County is the home to a widely diversified economic base. The foundation for the local economy has for a long time been rooted in our agricultural past. Manufacturing, wholesale distribution, services, and education today play equally important roles in shaping our economy. The following document seeks to provide some guidance for future development in the region.

CEDS STRATEGY COMMITTEE

Jim Arnold
Shoreham Telephone Co.

Renny Perry
City of Vergennes

P.J. Carrara
J.P. Carrara & Sons

James Daily
Porter Medical Center

Peter DeGraff, P.E.
Otter Creek Engineering

Fred Dunnington
Town of Middlebury

Thea Gaudette
Addison County Regional Planning Commission

David Ginevan
Middlebury College

Mel Hawley
Country Home Products

Rep. Connie Houston
Houston Enterprises

Lynn Coale
Hannaford Technical Center

MaryEllen Mendl
United Way of Addison County

David Nourse
Chittenden Bank

G. Kenneth Perine
National Bank of Middlebury

Rep. Harvey Smith
Smith Dairy Farm

Ken Weston
Town of Bristol

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Executive Summary

In March of 2001 the process began to establish the framework of a committee charged with preparing an economic development strategy for Addison County. Initial participants in this process were the Addison County Economic Development Corporation (ACEDC), the Addison County Chamber of Commerce (ACCoC), Addison County Regional Planning Commission (ACRPC), and Addison County Business and Education Partnership (ACBEP). The Executive Committees of each organization then held a series of meetings to identify representatives of primary business sectors, municipal administrations, education and social services. This group comprised the Strategy Committee which is now charged with developing and then updating the regional Comprehensive Economic Development Strategy. ACEDC was successful in applying for funding through USDA Rural Development to facilitate the process, with economic analysis beginning in the Summer of 2001.

On October 4th of 2001, the Strategy Committee hosted a “Kick-off” breakfast to provide initial economic analysis to an inclusive cross-section of sector representatives. This event was used to initiate a series of visioning sessions throughout the County, held between December, 2001 and January, 2002. Ten separate meetings were held to gather information on where we, as a region, had impediments to development and where we had strengths that could be exploited to create new opportunities. From this input and prioritization of issues, the Strategy Committee was able to define nine areas of focus. Over the next several months each priority area was refined to identify and articulate goals.

It became evident that specific areas needed additional review. ACEDC made an application to the Vermont Community Development Block Grant Program for planning funds and in January of 2003 began work with Middlebury College’s Economics Department to further study natural resource industries as well as emerging sectors which had the greatest potential for future economic development in the region. This work was then presented to the full committee for review and incorporation into the CEDS strategies. This body of work was then presented to the region in a series of public forums for review and comment.

In conclusion, what follows is the culmination of two and a half years of work in reaching community consensus on a future path for economic health in this region. To the extent possible, it is our intent that the document which follows will provide a valuable tool in achieving our goals.

Introduction

The Addison County Comprehensive Economic Development Strategy (CEDS) has been developed to serve as a consolidated economic development plan for Addison County, Vermont. It is intended that this CEDS serve as a focal point for community-based economic development planning and that it result in the identification of issues, needs and critical priorities. This process will be on-going to remain relevant in a rapidly changing environment. Entities serving this region should be able to utilize this information in their efforts to meet these needs.

Addison County, Vermont is nestled between Lake Champlain to our west and the Green Mountains to our east. This glacial valley has been and continues to be the preeminent agricultural production center in the State. At the same time the region is home to leading sector manufacturers of food, aerospace, plastics and more. Small towns and rural villages make up the 23 municipalities in Addison County, with an average population of approximately 1,500 people. This in turn has led to a clustering of commerce predominantly within the three historical regional growth centers, Middlebury, Vergennes and Bristol.

Within Vermont there are designated regional organizations that have been identified by statute as having a role in planning and implementing economic development initiatives in a defined territory. Addison County Economic Development Corporation, Addison County Regional Planning Commission, Addison County Chamber of Commerce, and the Addison County Business Education Partnership, the designated entities for Addison County, collaboratively chose to support the development of a Comprehensive Economic Development Strategy for the region. These organizations worked to ensure full representation of all sectors in the discussion of economic priorities on the CEDS Strategy Committee formed for this process. The charge was made to develop a document which provided:

- Analysis: Where are we and how did we get here?
- Vision: Where do we want to go?
- Action Plan: What are our priorities, and how do we get there?
- Evaluation method: How do we know we have been successful?

An economic analysis of the region was conducted by staff and contracted professionals to provide a clear picture of the economic conditions which exist today, as well as identify indicators that have led to our current economic trends. Interviews of regional business leaders, past and present, were conducted to provide insight into anomalies in economic conditions over the past twenty plus years. Strategy Committee members then hosted ten publicly warned and advertised “visioning sessions” throughout the County, seeking input from a broad spectrum of municipal, non-profit and private organizations, as well as the public at large. More than 90 people participated in these discussions,

representing over 70 entities operating in the County. Issues identified in these sessions were then prioritized by participants based on their perception of current needs.

ACEDC staff tabulated the results and ranked the nine common priority areas identified by the various visioning sessions. Sub-committees of the Strategy committee then met to work on an action plan to address each of the nine areas. This information in draft form was then reported to the full Strategy Committee, who reviewed each area and provided additional comment. It was also determined that specific areas required more study of the economic factors driving the concern, or factors which could lead to new opportunities that addressed identified priorities. This work resulted in an expanded analysis of the natural resource based industries (agriculture, mining and forestry), as well as an emerging sectors analysis for leading technology and information centers.

With this information the Strategy Committee was able to develop an action plan which addressed the key priorities, utilizing short and long-term initiatives as appropriate. This plan was then presented in several formats to the regional community in three public hearings. With comments included, the initial plan was formally adopted by the Strategy Committee on January 1st, 2004. The final step was the development of an evaluation process to enable the Strategy Committee to understand where the region has been able to respond to the identified needs. This in turn will facilitate the continued evolution of this document as new and unforeseen issues arise in the future.



Vision / Statement Of Purpose

We will facilitate and sustain a Comprehensive Economic Development Strategy (CEDS) through our local CEDS Strategy Committee. This committee which consists of representatives from all major interest sectors in Addison County to insure that the planning outcomes are the result of community-wide participation. The findings of this CEDS document will serve as the credible basis for prioritized planning for any and all sectors of Addison County.

The primary objective in developing this strategic planning document is to secure long-term community/economic stability in Addison County by developing the basis for new opportunities for healthy and productive living (quality of life). Core-value components will include the maintenance of a diversified economy, and quality education and employment opportunities. In addition to the core values, this CEDS document will recognize the importance of our natural resource based industries, all the while striving to support defined downtowns, regional growth centers, and the working rural landscape.

Mission:

The CEDS Committee will achieve its common goal (collaboratively) through the development of a fluid CEDS document, which will lead Addison County in a direction of prudent economic growth and community stability. In developing our CEDS, the committee will create a framework and include such components as 'introduction and purpose', a 'historic overview' of regional economic planning efforts, a current 'regional economic analysis' with executive summary, 'action planning' around the same, and finally, follow-up evaluation. Within the context of core-values, a prioritized set of focus areas as identified through the visioning sessions will serve as the basis of our action-planning phase. They are as follows:

- *Infrastructure needs (broad)*
- *Workforce Education and Training*
- *Permit and Tax Policy Reform*
- *Downtown development*
- *Business expansion / quality employment opportunities*
- *Housing*
- *Childcare*
- *Business Sector – public relations/perceptions and opportunities*
- *Healthcare – affordable / available*

Committee reports and recommendations follow in the section titled Plan.

Historical Overview

Interviews were conducted with individuals who had a strong knowledge of the region, in some cases dating back generations. Business trends from a cross-section of sectors were explored in this process, including:

- Utilities
- Agriculture
- Construction
- Manufacturing
- Healthcare
- Tourism
- Finance
- Wholesale Trade
- Retail

Each participant was provided with economic data of 10 and/or 20 year period(s) and asked to provide some greater understanding of anomalies. Additionally they were asked to provide direct insight into the sector they represented.

While this area has always been a primarily agricultural region, it has concurrently maintained a widely diverse economic base dating back to the early 1700s when natural waterways determined avenues of commerce. Marble, an early economic driver in this region, continues to have reserves to meet projected demand for over 50 years at existing quarries alone. The timber industry provides significant employment in the logging, milling, and value-added manufacturing industries. Dairy continues to be the dominant agricultural activity, supported in part by Agri-Mark, a cooperative which produces Cabot cheddar cheese at their Middlebury facility. While natural resource based industries have been the backbone of this economy for 300 years, newer technologies have played a key role in recent times. Simmonds Precision was the county's largest manufacturing employer, with approximately 2000 employees at their peak, located in five separate facilities. In 1989 they experienced a significant downsizing of approximately 1000 employees. This caused a negative impact throughout the region. The business was purchased by the BFGoodrich Corp. (now known as Goodrich Aerospace) and consolidated into the main Vergennes facility. Today this company maintains an employment base of approximately 700 workers. They are the second largest employer in the county, provide high-wage jobs, and contribute considerable resources in their community. Manufacturing on the whole has regained employment levels of the 80s, primarily generated by new enterprises. Several of these new businesses were started by individuals affected by the Simmonds downsizing. The largest employer in the county is Middlebury College. Beyond the job creation connected directly with the College, a significant number of businesses located in the region are owned

by Middlebury alumni. Additionally College resources of faculty, staff, and students are becoming increasingly involved in the local business community (as evidenced by their contributions to this document).

In all, growth has been slow overall for the region over the past twenty years. No easily identifiable clusters have emerged beyond the natural resource based industries, and these are for the most part under strain from foreign competition. The construction industry has in part followed national and northeastern regional trends, with commercial growth strong during the past decade. Now the primary business is in the residential sector. The lack of a large local labor pool continues to be a problem. To date many companies have relied on labor from New York to fill needed positions. Layoffs at the International Paper mill in Ticonderoga, New York have created an available labor resource for growth over the past five to seven years. More recently the layoffs at IBM have increased availability of production workers with higher skill sets. Capacity for growth within existing structures does not exist in the county currently to any great extent. In short, growth may have in part been slow regionally due in large part to a lack of an available labor pool, infrastructure weaknesses, shortage of existing bricks and mortar, and regulatory burdens. These are all areas to be addressed within the CEDS strategic plan.



Economic Analysis

The following information is a summary of analysis conducted by Addison County Economic Development Corporation in support of the strategic planning process. The complete analysis reports are available at their website: www.addisoncountyedc.org.

Addison County Economic Development Corporation conducted a general analysis of the economic conditions of the region, with a particular emphasis on changes occurring in the past 10 years. A review was made of conditions in all sectors of business as well as social indicators such as housing and average wage.

While the county is made up of 22 towns and one city, employment is focused predominantly in Middlebury, twice that of the second largest center for employment, Bristol. Vergennes is home to the largest “for-profit” employer in the County, Goodrich Aerospace, and the center for manufacturing employment in the region. Over the past ten years this region has seen a significant reduction in manufacturing employment, primarily replaced with lower wage service sector jobs. Overall unemployment in the county has remained below the State average. However as service sector jobs have replaced higher wage manufacturing jobs, more people have been forced to work multiple jobs to make ends meet. The need to expand quality job opportunities is critical in the region to stop the decline in real wages per job.

Agriculture continues to dominate the landscape. County farms are responsible for 23.7% of total State farm production, the largest percentage in Vermont. In dollars this translates to sales in excess of \$100,000,000 of agricultural products annually. Farm labor accounted for 7% of total employment in the region, down from 20% in 1970. While there has been a reduction in the total number of farms operating in the County, total agricultural production has increased and real wages for farm labor have increased over the past ten years. This would indicate better quality jobs and more output per job. Larger farming operations, often a consolidation of several smaller farms, is the trend today. Additionally, the region’s farms have begun to diversify beyond their historic roots of dairy production. While dairy does continue to dominate, beef and livestock products have seen double digit growth in the past 15years. Vegetable farms have increased while feed corn operations have declined.

Middlebury College, located in the Town of Middlebury, is the region’s largest employer. Additionally the College has continued to expand and upgrade facilities, inputting tens of millions of dollars into the local economy in the past five years alone. College alumni have developed companies locally, further adding to the positive economic impact.

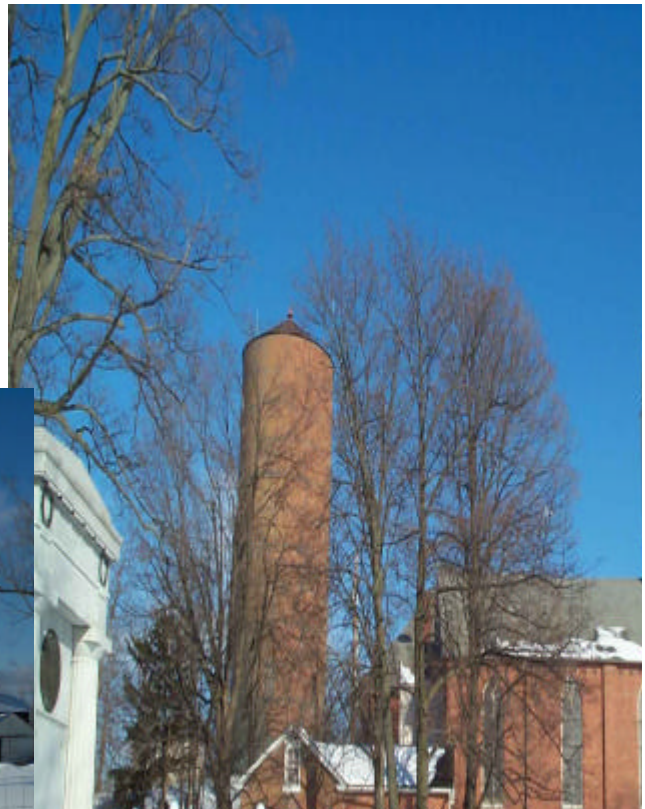
Porter Medical Center provides local access to medical services. While having a significant positive impact economically in the region, the greater good is the quality of life impact as a tool for employee retention and recruitment.

Traditional manufacturing jobs have struggled to rebound following a major layoff at Simmonds Precision in 1989-91. This operation was acquired and

now operates as Goodrich Aerospace. While providing the highest average wage for manufacturing in the region, they have never returned to the 2000 jobs level experienced in the 1980s. Current employment has fluctuated between 700 and 800 employees in recent years. There continues to be a strong presence of jobs in high technology fields, but the region's diversity remains as a buffer against economic variances. Alternatively it is more difficult to identify existing clusters for focused development initiatives.

Emerging sectors analysis identified industries where we have some existing base on which to build, or have elements in place which the region can exploit for development. Of the existing elements, personal products (cosmetics, personal hygiene products, etc...) generated the greatest return for the fewest number of jobs created. Autumn Harp in Bristol and Vermont Country Soap Company in Middlebury are the current base for this industry. Expansion of our technology-based industries may be accomplished through sector networking.

New opportunities exist potentially for further development of financial services companies. Given their low environmental impact, limited demand on public service and infrastructure (beyond telecommunications), and appeal of operating in close proximity to Middlebury College, this sector has potential for growth in the near term. Legislative incentives enacted in 2000 will assist in this area.



CEDS ACTION PLAN INTRODUCTION

The primary goal of this exercise was to develop a working plan which could guide economic development activities throughout the region well into the future. The nine priority areas often have inter-related action steps designed to effect the desired changes. The common thread to the discussions has been an overwhelming desire to maintain our rural landscape and historical industries, while providing greater opportunities in emerging industries.

Infrastructure needs require significant investment to meet currently identified projects. While it is clear that we need to continue the upgrading of traditional transportation avenues, i.e., roads that support commerce and rail that can be effectively utilized, it is unlikely that any major projects will be started in the immediate future. Several communities have taken steps to upgrade wastewater treatment and water systems to provide for commercial growth. While Middlebury, Vergennes and Bristol are the employment centers of the region, communities like Shoreham have taken the necessary steps to provide for future development in their village centers. The upgraded infrastructure of municipal services is critical, not only for commercial growth, but for expansion of our residential inventory. Telecommunications upgrades and the expansion of available services do provide improved opportunities for the development of information-based industries. Information technology and financial services both provide opportunities for in-fill of our village centers with traditionally high-wage jobs. The necessary telecom infrastructure is available and competitively priced in some parts of the region, while being unavailable or overly costly in others. A principal goal for this region in the near term is the support of further expansion of telecommunications services and support for a competitive market.

Workforce development must be aggressively addressed through collaborative efforts in the region. Expansion of services at the Hannaford Career Center in partnership with Vermont Technical College and Community College of Vermont is an achievable goal in the near term. Regionally the Workforce Investment Board (WIB) will play the primary role in orchestrating this collaborative. It is imperative that the business community plays an active and supportive role in this process to ensure relevancy of the programs. Additionally, we need to continue to identify those soft skills most identified by employers as lacking and develop a variety of alternative programs to address these needs.

Permit and tax reform are primarily political issues at the State level. It will be important to have strong representation in the debate as this process goes forward. Regionally, municipalities can continue their efforts to better define the local process resulting in greater consistency in outcomes.

Downtown development and village centers were recurring focal points of the visioning sessions. Creation of vibrant economic and residential clusters will

serve to maintain our open rural working landscape. To this end, the future development of infrastructure and services, as well as the funding sources to provide for this, need to be identified. Collaborative efforts from all sectors, public and private, need to be engaged and play an active role in the development of our employment centers.

Business expansion is directly tied to infrastructure upgrades, workforce development, housing and costs of doing business addressed within the other areas of the CEDS. A focus on telecommunications is considered to be the foremost opportunity for future growth potential, largely due to the smaller real cost of infrastructure needed to support industries relying on this technology. The emerging sectors economic analysis clearly indicates that technology industries, financial services, and publishing offer the greatest “bang for the buck”. While this information is helpful in guiding future development strategies, our greatest short term opportunities will continue to be with those companies who have already chosen to locate in the region. Additionally, the emerging sectors provide significant opportunity to in-fill in our downtowns and village centers, a consistent priority from all sector groups.

Housing continues to be an impediment to growth in the region. Housing stock is significantly below current need/demand. As an obstacle to recruitment, it has hampered business expansion and reduced the available pool of professionals. While it is recognized that some responsibility for the shortfall is driven by the State permit process, local communities will need to better definewhere development will be supported and actively assist developers seeking to fill the need.

Childcare, like housing shortages and healthcare concerns, is a national problem. We need to find new and innovative approaches to address the issues, which are the root cause. Answers may come from the Federal or State government in the future, but today’s issue will be best addressed at the local level with the active participation of the business community. Single parent households continue to increase. Childcare is critical to allow this vital sector of the workforce to be available for employment.

Healthcare issues require a variety of solutions to incrementally address the problems. Foremost is the need to support access locally to necessary services. Going forward, the business community and healthcare community will need to work together to find efficiencies and cost savings in programs to address the rising costs.

Finally, a serious effort to bridge gaps in understanding between the business community and development opponents needs to be initiated. Both sides of the discussion need to articulate specific concerns, and then work to address these concerns collaboratively. At the same time, business owners have a responsibility to inform their workforce of the effect of development decisions to

include this untapped asset in the process. Education will lead to a greater understanding of the issues and provide an opportunity to find logical solutions, which in turn allow this region to move forward.



INFRASTRUCTURE COMMITTEE

Through the CEDS visioning sessions infrastructure has been identified as a priority area. Our committee has identified five areas within infrastructure which we feel need improvement in order to support the vision of the CEDS document. These areas have been chosen knowing that some other committees may discuss infrastructure items under their individual topics such as Housing, Healthcare, and Education.

WATER SUPPLY

An adequate supply of water is critical to strong economic development. Water is necessary for potable needs, various types of manufacturing and food processing and fire protection. Addison County is served by a number of public water systems of varying size and capacity. These systems of course have limitations and must be continually improved, upgraded and expanded to meet demand and to have the infrastructure available for new and growing businesses. An important component of the County's continued economic growth is the development of water capacity. Depending on the area of the county and the individual water system, this could involve improvements to supply and pumping capacity, fire flows, or expansions into growth centers and industrial/commercial parks. A specific project which has been identified as a need by the Town of Bristol is the upgrading the water line along North Street.

WASTEWATER

Two of the three growth centers in Addison County have municipal wastewater treatment and distribution systems with available capacity. The Town of Middlebury upgraded its treatment plant in 2000. This new facility increased its treatment capacity to 2.2 million gallons per day. Prior to construction of the plant, miles of sewer mains were replaced in an effort to minimize ground water and surface water infiltration. The facility is running at 50 percent of the design capacity providing the Town of Middlebury with tremendous capacity to serve development within its borders. The City of Vergennes upgraded its facility in 2001 increasing the capacity to 700,000 gallons per day. Like Middlebury, the City undertook a significant effort to replace thousands of feet of sewer mains. The facility is operating at 68 percent of design capacity. Sewer mains have been extended to serve industrially and commercially zoned property for ready development. The continued support of expansion of municipal wastewater systems in areas of need should be supported. Some specific projects which have been identified are sewer upgrades along McDonough Drive in Vergennes and the development of a sewer system for the "Stoney Hill Property" in Bristol.

HOUSING: *See Housing Section Report*

STORMWATER MANAGEMENT

Problems

1. Length of time required to secure permit - up to 150 days for initial review by ANR can be costly as well.
2. Uncertainty and unpredictability in the process - reference decision by the Water Resources Board in Lowe's case that essentially dictated that any stormwater runoff as a result of new, or expansion of existing development was not permitted into existing stormwater-impaired waters. This may soon, if not already, affect Addison County waters such as Lewis Creek and parts of Otter Creek.
3. Contributes to sprawl in that developers will seek more predictable and less expensive alternatives away from urban areas where these impaired waters exist.

Solutions

1. Municipal control and management of stormwater runoff as a utility, similar to existing wastewater treatment, where the municipality would assume responsibility for the collection and treatment of stormwater runoff and would be financed through user fees. Within Addison County, this may only be feasible in Middlebury.
2. Issuance by ANR of general permits which will delineate parameters required to control and manage stormwater runoff and allow professional engineers to issue certificates of compliance to developers signifying that the proposed development adheres to the guidelines of the general permit. This would allow ANR to more quickly address their backlog of over 1000 expired permits, and give them further flexibility in dealing with future development. Promote issuance of blanket permits for designated industrial/commercial and growth center areas.

TELECOMMUNICATIONS

Telecommunication issues in Addison County are a result of the county's rural nature. As its population is only 35,000 and it is relatively distant from more significant population centers to the north and south, Addison County has never enjoyed a cutting-edge telecommunication infrastructure. Current problems include-

Unreliable cellular service:

- 1 This is due to a lack of coverage in the area.
- 2 Furthermore, there is only partial coverage for digital service in the county.

Costly Internet Service:

- 1 Retail internet access is generally dial-up over regular phone lines.
- 2 Access through cable modem is available in some communities, but at a considerable monthly cost.
- 3 Business access is only available through telephone lines. Higher-speed access is available on T-1 lines, which are very expensive.
- 4 Champlain Valley Telecom and the Shoreham Telephone Company recently developed DSL lines that provide an additional option, but these lines are only accessible to limited areas of the county.
- 5 Satellite technology has not proven to be cost-effective to date.

Improvements in the telecommunications infrastructure is desirable and would address these problems. Improvements would enhance current business access to Internet options, as well as encourage the in-migration of the telecommunications industry into Addison County. Telecommunication companies are generally seen as non-polluting and offering good-paying jobs with a minimal impact on the environment. Companies relying on telecommunications to conduct their businesses also may be able to disperse their work forces over the rural landscape.

Because of this, investment in a telecommunications infrastructure is encouraged. More specifically, this plan-

- 1 Promotes aggregation of telecommunication users as a method of inducing large telecommunication companies to invest in the infrastructure necessary to improve service.
- 2 Supports alternative solutions for cellular towers, such as steeples, silos, and any other existing structure, which can provide the infrastructure necessary with minimal impact to the visual landscape.
- 3 Encourages the development and implementation of satellite technology, which may provide a cost-effective solution to telecommunication service in a rural environment.

TRANSPORTATION

Highways - Support safety and signalization improvements, and new and improved highway links in the transportation network consistent with local and regional plans. This general support extends to rural roads which require larger capacities to accommodate agricultural equipment. In Middlebury, these

include intersection/signalization, improvements on Court St./ Rt. 7 and at Exchange St./ Rt. 7 North, and the east bypass, approved by Town vote in 1991. In Vergennes this specifically includes constructing a second access point to the industrial park. Bristol's specific needs include the rebuilding of Burpee and Monkton roads to accommodate heavier truck traffic.

Bridges - Support replacement of bridges that are structurally and/or functionally deficient. Support new bridge links consistent with local and regional plans. In Middlebury these include repairs to the Battell and Pulp Mill bridges, replacement of the railroad overpass bridges on Main St. and Merchants Row, replacement of the Vt. 125 Sand Hill bridge, and a new Cross St. VT 125 in-town bridge approved by Town votes. The Town of Bristol has identified the need for the replacement of the South Street bridge and of the Route 116 bridge in South Bristol.

Airport - Support improvements to Middlebury State Airport consistent with local, regional and state plans. This includes new terminal and FBO facilities, security fencing, and improved services and accommodations for airport-related businesses.

Railroad - Support improved rail access and utilization. Support improvements to the rail bed, rail bridges and other railroad infrastructure. In Middlebury, this includes the OMYA rail spur, transportation center and downtown railroad bridges replacement.

Trucking - Support improvements to facilitate truck access and service to businesses. In Middlebury, this includes, but is not limited to, improvements to the Exchange St./ Rt. 7 intersection and downtown accommodation of truck traffic.

WORKFORCE DEVELOPMENT COMMITTEE

In 2001, The Addison County Business Education Partnership (WIB) was charged by the Human Resource Investment Council (HRIC) to develop a regional 'Workforce Development Plan' for Addison County. During this process, the WIB's Workforce Development Committee identified as many as fifteen significant and distinctive industry sectors in Addison County. They are as follows:

- **Agriculture**
- **Construction**
- **Education**
- **Finance, Insurance, and Real Estate**
- **Healthcare**
- **Hospitality**
- **Legal & Accounting**
- **Manufacturing**
- **Mining
Forestry**
- **Museum & Historical**
- **Printing & Publishing**
- **Public Administration**
- **Retail & Restaurant**
- **Social Agencies & State Government**
- **Transportation & Utilities**

Once identified, several businesses in each sector were contacted and interviewed as part of a phase-two fact finding (surveying) process. Specific industry challenges were also noted (i.e., Healthcare), along with specific workforce training and education areas that needed more attention. As part of the findings, it was noted that Addison County's diverse range of industry sectors could/should be viewed as a positive attribute to the region because we are not as dependent upon a predominant industry sector in terms of our economic stability. Simply consider the current-day challenges that a town like Springfield (for instance) faces as a result.

There *are* however, challenges that this industry sector diversity also presents in the context of workforce development. These challenges would be in the form of identifying the "common ground" or "universal needs" amongst and across industry sectors within the context of workforce training.

The WIB's findings relative to regional workforce development strategic plan were corroborated through subsequent CEDS visioning sessions, and in fact, 'Education and Training' was identified as a priority focus area in Addison County. The following problem statement(s) and/or subsequent action-plan

recommendations represent a merging of the findings of both the Workforce Investment Board's (WIB) 2001 report, and the more recent CEDS Visioning sessions.

Problem Areas:

- Many Addison County businesses have reported (from WIB survey data) a distinct lack of work ethics and other valuable employability skills among new and incumbent employees as the most frequently stated deficiency that they have for their employees (i.e., customer service, flexibility, coping with change, goal prioritization, interpersonal communication, teamwork, fundamental work ethics, problem solving, abstract thinking, following directions, interviewing, and conflict resolution among others).

- Incumbent employees need a systematic continuum of technical training in order to be able to stay current with industry standards and computer technology. Businesses say that despite the widespread availability of “in- house” training provided by employers to employees, a systematic continuum of the education and training is a prerequisite to being a competitor within a global economy, but all too often cost-prohibitive, particularly for smaller organizations.

- There is a current deficiency in terms of public awareness (knowledge) as to the critical impact that our distinctive and vulnerable industry sectors have upon our community's stability and quality of life, and the relevant value associated with economic development and sustainability in these areas. Our current agriculture challenges would be a good example.

- Deficiencies within our public education system need to be further identified, improved, and supported. Intra-institutional communications, as well as inter-institutional (coordination / continuity between and amongst high schools in the county) were identified as concern areas (as identified in CEDS visioning sessions). Current drop-out rates in the county are of significant concern, and questions relating to high school reform and alternative pathways have been raised as a result. The high costs associated with these outcomes, and the subsequent impact on economic stability is a significant concern. A call for greater emphasis on post-secondary placement (including apprenticeship) has also been stressed. Greater cross-sector collaboration needs to occur between public education and the full spectrum of industry sectors.

Potential Solutions:

- **Coordination:** The WIB could (a) serve in a coordination capacity, which would allow different employers to access one another's training programs where appropriate. Moreover, to serve as a clearinghouse for local training and education resources. (b) The WIB could serve in a brokering capacity for the purposes of connecting such training services to Addison County employers. (c) The WIB could work to bridge similar training needs to (by linking) cross

sectors, which could result in more efficient and cost-effective collaborative training opportunities and resource sharing.

- **Leveraging Resources:** Addison County has many public resource organizations that have/could develop the curriculum and deliver training and education in deficiency areas identified in the “Problem Areas” section. Among these are the Hannaford Career Center, Mt. Abraham, Vergennes, and Middlebury High Schools, Vermont Adult Learning, Vermont Department of Employment and Training, Northlands Job Corps, the Community College of Vermont, Middlebury College, and several local computer consulting/training firms (among others).

- **Public Awareness:** A strategic plan must be developed and implemented in the form of a deliberate continuum of objectives whose charge is to reach any and all demographic populations in Addison County for the purposes of increasing awareness, understanding, and value regarding workforce education and training, and its direct relationship to community stability here in Addison County. The pathways of approach to our diverse demographics are endless (i.e., employers, school systems, Chambers, RDCs, parents, community organizations, media, etc.). What we now understand at the national level is that the personal prosperity of our citizens, and the economic stability of our communities (and nation) will require the uniting of our education, economic development, and workforce development strategies in a common effort to equip our citizens with higher skills, and supply our businesses with qualified workers. A knowledge-based economy within the context of a global marketplace clearly dictates that if we want to achieve sustainable communities that are healthy, we have no choice but to combine our knowledge through collaboration and unity. Once again, we already have one such mechanism in place to disseminate to the public such information, which is the WIB structure.

- **WIB Funding:** In acknowledging the emergence of the WIB as the “fourth leg of the stool” in terms of economic planning in our region, we also must recognize the critical need for this organization to become fully realized and supported. Simply consider the cross pollination that occurs at the WIB Board table. The County Chamber (business), RDC (business), Community Partnership, and State Government (local) all sit at the same table along with our three Supervisory Union Superintendents and the Technical Center Director. The public education sector could and should be viewed as the fifth leg of the proverbial stool in terms of its role in economic development. This collaborative is exactly the venue whereby ideas can be shared, and influence can be leveraged to address any number, or all of the identified problem areas associated with the public education sector. In order for the WIB to move this important work forward, and to sustain an organized and cohesive volunteer organization, sustained coordination funding must be secured.

• **Conclusion:** When considering the number of CEDS sub-committees (focus areas - eight), this sub-committee thought it prudent to quantify the areas as potentially distinctive in two broader categories. That is, the areas are the “drivers” versus the areas that could be viewed as “desired outcomes”. It is our conclusion that “Workforce Education and Training” *should* be identified as a driver in this context. More specifically, a potential driver for “Business Expansion”, “Business Public Relations”, and perhaps “Childcare”, not to mention the issues of “attracting business” or “business retention” which were not specific focus areas in terms of sub-committee structure.



PERMIT & TAX REFORM COMMITTEE

In 2000, the State of Vermont commissioned a brand analysis from the perspective of businesses in Vermont (non-tourism). Overwhelmingly, the permit process was viewed as a disadvantage to doing business in Vermont. Coupled with this was the strong belief that the regulatory environment and tax policies also created significant impediments to doing business in Vermont. Although no clear data exists to qualify or quantify the amount of business lost as a result of these perceptions, it is clear they negatively impact our business climate in Vermont.

It is important to note that the same businesses listing permit reform as their top concern also listed the environment and quality of life as being our strongest attributes. The desire for permit reform is not synonymous with a desire for uncontrolled and unhealthy growth, but rather a desire for predictability and reason in the process.

Permit and tax reform will not be static issues with a single fix, but rather dynamic in response to economic, social, and political pressures. A collaborative process including multiple viewpoints will be required to find the necessary consensus for correcting these conditions.

I. Problems and Concerns:

A. Permitting/Regulatory Burden

- Lacking cost or time consistency
- Lack local control (particularly in Act 250 process)
- Overly burdensome process for Health Care facility expansion

B. Tax Reform

- Lack incentives to invest (housing, infrastructure, capital equipment)
- Personal income tax burden disincentive to wealth staying in Vermont
- State's reliance on property tax is a disincentive to company expansion of facilities in Vermont.

C. Natural Resource Industries

- Regulatory burdens creating undue threat to viability of agricultural, mining, and timber industries in Vermont.
- Current tax policies make transfer of family farms economically difficult.

II. Impact to Economic Climate:

Projects planned have not gone ahead when confronted with the time and cost of permitting a project in advance of beginning construction. Projects have been scaled back or abandoned; businesses have failed due to protracted permitting issues. Investment equity has left the state, and most importantly jobs have

been lost. Within the natural resource based industries, Vermont has seen a significant decline in small family operations.

III. Solutions:

A. Permit/Process Reform

- Support ongoing discussions with State government and legislators for permit process reform.
- Focus discussion on cost and time impediments inherent to process, maintain integrity of environmental regulations while providing predictability.
- Support efforts to empower local decisions in the process. Utilize professional services (Professional Engineer , etc...) to oversee compliance in design and implementation.
- Provide adequate staffing and training at the State level to ensure a higher quality of customer service by State personnel.
- Support reform of the Certification of Need process currently impeding the development of health care facilities in Vermont. The CEDS supports the regional health care provider's need to expand services and reinvest in physical plant and equipment in order to maintain its ability to provide quality services to our community, as well as maintain its ability to survive as an employer of 600 local people and generate significant positive economic contributions to our region. The CEDS recognizes there currently exists significant regulatory issues at the State level via the Certificate of Need process which represents an impediment to hospitals seeking to invest in infrastructure improvements and new services, and supports the efforts of the regional health care provider to successfully navigate this complex regulatory process.

B. Tax Reform

- Support restructuring of tax system away from dependence on property taxes.
- Support tax policies which reward investment in Vermont (not to require "but for" test)
- Provide tax credits which support employee housing programs developed by employers.

C. Natural Resource Based Industries

- Support efforts to understand economic impacts of regulations on family farms.
- Support changes to tax code which allow transition of family farm ownership to occur without undue tax consequences.

DOWNTOWN & VILLAGE CENTERS COMMITTEE

In response to the CEDS visioning process, the importance of the area's downtowns/core areas was recognized as an integral part of the development of community and the economic health of this region. As a priority defined in the visioning process, development of the core economic centers in the region, while being sensitive to the needs of our smaller villages, will be a focus of the strategic plan.

The tools to support the vitality of downtowns have been outlined in other priority areas (infrastructure, permit reform, workforce development, housing) of the CEDS document. This section serves as a general statement regarding the important role communities can play in the areas of business services, commercial needs and recreational and leisure time activities.

Problems:

- 1) Lack of funding to support local initiatives in the downtown centers.
- 2) Infrastructure to support further development within designated downtowns and village centers.
- 3) Cultural, recreational and hospitality sectors lack strong identity due to competitive marketing of larger more commercialized regions (i.e., Killington, Stowe, Woodstock, Manchester).
- 4) Capacity exists but has not been fully developed to utilize existing commercial and residential, multi-level/tenant spaces within our downtowns.

Goals:

1. Support towns and villages seeking State designation in qualifying and then accessing resources available through the State.
2. Support infrastructure development focused on making regional centers more conducive to business development initiatives. Work with State and local entities to prioritize needs and find funding to accomplish these goals.
3. Support collaborative efforts to enhance marketing of this region as a four season option. Focus on existing efforts (By-ways project, Regional Chamber of Commerce, local business development organizations).
4. Support legislative efforts to assist communities in developing downtowns business/residential opportunities. Work with the Regional Planning Commission to identify potential in-fill opportunities, and then work with public or private entities to address their capacity.
5. Develop second story residential and commercial space in our village centers. This is an underutilized resource seeking new and innovative approaches to development.

BUSINESS EXPANSION COMMITTEE

Through the CEDS visioning sessions, the Business Expansion Committee identified the major concerns of Telecommunications, Transportation, Electricity and Workforce Quality and Quantity. This committee rationalized these concerns and explored options and alternatives to support the general vision of the CEDS document.

1. PROBLEMS

a. Lack of Telecommunications

Cellular: Coverage has always been an issue in parts of Addison County. This fate was determined many decades ago when it was decided to run the North-South Interstate I-87 up the west side of Lake Champlain. Missing this major corridor, Addison County takes a back seat to Cellular coverage and advanced services such as Digital and PCS. These newer technologies requiring even more antenna sites, exacerbates the problem in a sight conscious state like Vermont.

Broadband: Affordable Broadband availability has also lagged behind its metropolitan neighbors. Adelphia brought the first affordable service to Middlebury in early 2001. After spending considerable money upgrading the infrastructure, Adelphia rolled out its PowerLink[®] offering to Middlebury customers. At \$34.95, and available only to residential customers, the service sold fast and it wasn't long before Adelphia's network became over-subscribed. Luckily for Adelphia there was no alternative and eventually they increased their capacity. The three larger towns in Addison County now have access to broadband cable, which is still only sold to residential customers. Bristol and Middlebury now have an alternative option of Digital Subscriber Line Service through Sovernet[™], which is attractively priced when bundled with their voice service. The surrounding smaller towns serviced by the Independent Telephone Companies of Champlain Valley and Shoreham offer DSL. The service is fully deployed in Shoreham's service area and over 90 percent of Champlain Valley's. None of the DSL service providers discriminate against businesses.

Larger broadband services like T1 access has been available for years but is prohibitively costly for smaller businesses. Fractional T1, which connects the Lotto machines, and ATMs in rural stores, is also a less expensive option but cannot compare to the affordability of DSL.

b. Transportation

Vehicular: A study by the Addison County Transit Resources (ACTR) examined the need for a new commuter route connecting the Towns of Port Henry and Crown Point in New York, the City of Vergennes and the Towns of Middlebury and Bristol. It was estimated that during the summer of 2000 there were more

than 500 daily commuters entering Addison County from New York. The study more than justified the need to apply for a grant to start up this service.

Rail: Addison County is fortunate to have a rail line pass through two of its major towns. The conveniences of trucking products and spontaneity of domestic travel have been the rails' demise for years. There have been two recently renewed interests in rail. First is the nostalgia of traveling by train and it's use as an option to commuters. The second, and more viable, is reducing the amount of truck traffic congesting and wearing our roads by switching to rail. Burlington's attempt at the first rules out the economic feasibility of providing rail to commuters. Companies with large hauling needs have expressed interest in rail circumventing the truck restrictions placed on them currently by state and local officials.

Airlines: The Burlington International Airport has increased its domestic schedule drastically over the last ten years. Except for the recent 9/11 impact felt over the whole industry, Burlington has been serving the people of Vermont well. Being somewhat rural, Burlington does not share in the price wars, which occasionally lower airfares.

On the local level the state-owned airport in Middlebury has ample capacity to handle smaller aircraft. Once a thriving working airport servicing a local crop-dusting operation, environmental issues and costs have all but eliminated this operation. The flight training operation was suspended for a period but is attempting a revival. Unlike the issue in Shelburne, Middlebury has most of the infrastructure to support local commercial operations. Unfortunately, product liability issues and current events have hampered this industry.

Downtown Parking: The Towns have taken steps in the recent past to alleviate this problem. Additional parking spaces and shortened time limits on current spots help. c. Utility Costs

The recently announced sale of Vermont's largest power producer, Vermont Yankee, should help stabilize the cost per kilowatt of electricity to industry in Vermont. While Vermont does not enjoy the cheapest electricity in the New England States (New Hampshire and Maine are higher) its real penalty is its location in New England, which along with New York, is burdened with the highest rates in the United States, save Hawaii and recently California. On a statewide average the two utilities serving Addison County, Green Mountain Power (GMP) and particularly Central Vermont Power (CVPS), have some of the highest commercial and industrial rates in the state. CVPS's rates average about 10 percent higher than the per company state average. Seasonal demand on peak power consumption in Vermont has changed from winter to summer. Pre-2000 Vermont would always set its peak in January but for the last few years demand is being driven by summer heat spells. This continued trend could dissuade reduced cost load shedding agreements that were only exercised during the winter.

d. Workforce Quality and Quantity

Should we be all things to all people? The Hannaford Career Center has provided training to our young people for a future in agriculture and automotive repair. Other professions are also incubated here but these two trades have serviced the area youth well over the last few decades. The environment has changed these needs creating lower paid entry-level jobs with no equity stakes in the agricultural sector and extensive specialized on the job training in the automotive field. The higher paid opportunities in and around Addison County are quite diverse and esoteric, from a master brewer to a printed circuit board designer.

e. Investment Capital

Although conditions have improved for access to traditional, non-traditional, and equity financing in recent years, there continues to be more need than available resources can meet.

2. SOLUTIONS:

a. Telecommunications

Cellular: Cellular coverage will, in time, become ubiquitous. Better quality Digital and PCS services will continue its migration into more rural settings. The communities of Addison County need to be very proactive in their town plans allowing sites to be developed within existing structures. Encourage the use of silos, barns, tall rooftops and steeples and give incentives to private parties that need to develop the necessary amenities that remote sites need (backup power generators, telephone and power built to the site as well as good year-round access).

Broadband: Time has solved many of the prior unavailable affordable broadband solutions. Most all areas of Addison County have high-speed access for less than \$50 per month. Many communities in the late nineties rushed into building their own infrastructures to provide broadband services only to have higher costs and stranded investments. One only needs to look north to Burlington to see this mistake almost played out. Luckily no municipalities in Addison County fell victim to this rush to create an infrastructure antiquated by free market forces.

b. Transportation

Vehicular: ACTR's study of feasibility of a New York shuttle uncovered most of the obvious cost benefits of providing this service. One benefit unrealized until August 8, 2002 was the possible prevention of those 500 New York workers of arriving to work without a two-hour commute or expensive ferry ride. Given the unfortunate accident a logging truck inflicted on the Crown Point Bridge the

thought of the possibility of closure was almost nonexistent before. If the bridge had been structurally damaged preventing auto traffic there could have been the possibility of foot traffic from the New York side to the Vermont Shuttle. In the event of a catastrophic failure, pedestrian ferry traffic could deliver the same to these shuttles. It has been mentioned that the Vermont side would host the parking area for political reasons. These reasons should be re-examined and consideration given to the New York side.

Rail: While tourist and commuter traffic does not conform to or support the cost of local rail, businesses that have large trucking requirements are finding rail as the only feasible alternative option to expand their operations. Rail as a solution is very dependent on proximity to existing facilities or the ability to extend these facilities. Addison County has a few that fall into this category.

Airlines: Commercially, the Burlington and Albany airports have been serving the needs of Addison County. Two taxi companies handle transportation to and from the Burlington Airport with a third just recently started. Pricing is very reasonable from all three. The Middlebury State airport located in East Middlebury can adequately handle most private aircraft wanting to visit the area.

Downtown Parking: Towns have taken steps in the recent past to alleviate the problem. Additional parking spaces and shortened time limits has created some relief for towns.

c. Electric Utilities

Businesses in Addison County experience electric costs on the average of 30 percent higher than other locations in the United States. Within Vermont and most of New England, Addison County is about par. The New England region is known for higher rates. Industries that require above normal power usage will not consider this area an option. While this could be considered a deterrent for these businesses the usual negative environmental concerns are avoided. Current costs of electricity, although high, look somewhat stable over the next few years due to recent events.

d. Workforce Quality and Quantity

The need for specific training for entry-level jobs has changed in Addison County over the last few decades. Farm employment has decreased 13 percent over this period. The Services Sector has almost doubled. With this diversity our County should support the efforts to build the strongest foundation for these young people in our public school systems. They will need help choosing between two paths, one to higher learning and skills and the other to pick up a reasonable job locally that will probably require on-the-job training to a degree. To be successful in either path requires the completion of our public school system. Middlebury Union High School is addressing this later issue with its

Work Study program. Hopefully Addison County can maintain and improve the quality of its businesses to reclaim the talent it loses with youth following path one. Addison County is just too small to try to address this egression of path one youth. One can only hope this same youth will be attracted back to the local industries that require this type of human capital.

e. Investment Capital

Current efforts at the Vermont Economic Development Authority to increase funding, paired with efforts by local equity funds (Fresh Tracks Capital) and an aggressive private lending market may meet current need. Additional programs will be needed to respond to the increased activities of a robust economy.

HOUSING COMMITTEE

The Addison County Regional Planning Commission updated the County's Regional Plan in January, 2002. The Plan looks closely at the County's population trends, demographics and housing needs. The Addison County Comprehensive Economic Development Strategy builds upon the housing goals identified in the Regional Plan to present a strategy to meet these needs. The information contained in the current Regional Plan is paraphrased in the following sections.

The 2000 US Census indicated that Addison County had a population of approximately 35,300 people. Projections indicate an increase between 26 and 45 percent from 2000 to 2025, or 1.5 percent per year. Growth in the 1990s was split evenly between in-migration and natural increase. Subject to economic factors in Addison County and Chittenden County, in-migration is anticipated to be the lead population growth factor for the next 25 years. The median age of the population increased during the 1990s and this trend is expected to continue. Sixty-four percent of the population is between age 18 and 65 and 11 percent is over 65.

1) **Problems**

- a) **Housing Availability** - In 2000, there were approximately 13,000 year-round residences and 2,000 seasonal residences in Addison County. The year-round residences consist primarily of single-family and owner-occupied housing. The overall vacancy rate for housing is 3.6%. A vacancy rate of more than 5% is generally considered necessary to create ample housing opportunities in rural areas like Addison County. In order to meet the projected population increases, it is estimated that approximately 6,000 housing units will need to be constructed by 2025. Considering the aging population, the Regional Plan also identifies a need for additional senior housing.
- b) **Housing Costs** - Economic conditions and housing shortages resulted in the appreciation of property values in the late 1990s. Increases in household income have not, however, kept pace with residential sales values. The Regional Plan indicates that this has resulted in home ownership being unaffordable to an increasing percentage of low and moderate income households trying to buy their first homes. Similarly, rental prices have increased. This combined with an overall low vacancy rate and limited stock of multiple-bedroom units makes rental housing unaffordable to low-income and young families. High housing costs are considered to have more adverse impact on the elderly population and young families than the population in general. High up-front and infrastructure costs discourage new low and moderate income developments.

Growth Patterns - *Recent residential growth patterns around Addison County have typically been on larger parcels outside of the historic village areas. This is likely the result*

- c) of a variety of factors including: limited available properties, zoning and environmental regulatory requirements, property owner's desire for larger rural properties, and land values. Issues identified by the CEDS committee with this growth pattern include:
 - i) Loss of agricultural production lands,
 - ii) Increased transportation costs,
 - iii) Increased municipal and utility infrastructure costs resulting in higher fees and taxes,iv) Detrimental impact to rural working landscape.
- 2) **Impact to Economic Development** - The ready availability of housing in all price ranges impacts the attractiveness of the County to new businesses, and employees of existing businesses considering staying in or relocating to the County. The pattern of growth outside of the historical villages, that has occurred in the recent past is also of concern. The County's rural landscape is considered to be a significant attraction to economic growth. Addison County's quality of life, typified by its open space and agricultural landscape, is seen as a significant asset. If open space is subdivided into unplanned, land-intensive development, a component of this quality of life is compromised.
- 3) **Solutions**
- a) **Public Education** - Informing the public of the County's needs is critical to successfully developing housing stock. A voting public informed of the problem, that is receptive to solution methods is critical. Public support is necessary for the development of infrastructure capacity. In addition, opposition to a development can have significant economic impact on a project and threaten its viability. Public education of the County's housing needs can help overcome opposition to individual projects.
 - b) **Infrastructure Capacity** - In order to increase the housing stock and to encourage new residential development in growth centers, municipalities need to ensure that there is adequate infrastructure capacity. Provisions for municipal services such as water and sewer encourages village in-fill and cluster development.
 - c) **Regulatory Changes** - County towns need to consider changes to regulatory requirements and procedures that encourage growth that preserves the rural landscape while allowing for planned development.
 - d) **Housing Approaches** - The Addison County Regional Plan identifies a number of creative public and private approaches to meet the affordable housing needs. The approaches include co-operative ownerships, limited equity ownerships, local incentives and community loan funds. Reference is made to the Regional Plan for descriptions of affordable alternatives.

CHILDCARE COMMITTEE

The trilemma of availability, affordability and quality of services in early childhood care and education are interrelated. A survey designed to assess child care needs and experiences was distributed to employees of major employers in Addison County in late 1999 and early 2000. Another source of data was "The Economic Impact of Vermont's Child Care Industry" conducted by Whindham Child Care Association and the Peace and Justice Center.

The Addison County Comprehensive Economic Development Strategy built upon the child care results identified by these surveys to present a strategy to help elevate the trilemma.

Availability of Child Care - The shortage of child care is especially difficult for parents working non-standard hours, mixed shifts and weekends. According to Vermont's Child Care Services Division, only 17% of the state's licensed centers are open before 7 am, only 3% are open after 6 pm and only 3% offer weekend or overnight care. In 1999 the percent of child care needs met in Addison County were 49.2%. In the other 50.8% the need is being met through family support and unregulated care.

High quality care is not available at the prices many potential customers can afford to pay. This difficulty has forced one-half to two-thirds of parents using child care to wait long periods for an available spot, drive long distances to find suitable care, and to alter their work schedules to accommodate the care available to them. The dramatic increase in women's labor force participation and an increase in women-headed households have made child care an essential support. Reliable, affordable child care is critical to low-income families entering the workforce as a result of welfare reform. There is a particular shortage of infant and toddler care in the county.

Affordability of Child Care - Parents' choices of child care providers are affected by the cost of child care. The average cost of infant care is \$142.00 per week, toddler care average cost is \$108.00 per week, in center based care. Young parents at the start of their earning curve and low-income parents are unable to afford this care. How much parents can pay for services affects how much providers can charge.

Quality of Services - People can have the quality of service they are willing to or able to pay for. If we do not care much about the quality of service, we can eliminate the problem of availability. When asked how satisfied parents were with the quality of care their child(ren) receive(s) in the child care they currently use, the average rating on a scale from 1 - 7 (1 being not at all satisfied, 7 being very satisfied) was 5.98. However, 30% of parents whose child(ren) is/are in

child care are looking for a different child care situation than the one they are currently using.

Early childhood programs have abnormally low staff wages in relation to the qualifications needed. This results in difficulty to recruit and a high staff turnover, which in turn, results in low quality care. Constraints on fees, along with parents' and public perceptions of the characteristics of adequate early childhood services, determine the quality of services supplied. Developmental delays that are not addressed early cost the community more when the children enter public school special education programs. Children under quality programs are more likely to succeed academically, engage in fewer risky behaviors, and become contributing members of their communities.

Public Awareness of Child Care - Child care is considered a parent's problem. Public perception of child care is seen as babysitting. Further, the culture of our community is that employees tend not to take child care problems to their employers. Employer problems related to child care are schedule changes and shift-work not being covered. Most child care is not adaptable to these employer issues. The child care industry supports an estimated 37,000 working parents in Vermont who rely on child care services and are employed by over 11,000 Vermont businesses. These working parents earn over \$1 billion annually, or 13% of total wages in Vermont, and pay about \$100 million in state and federal income taxes.

Possible solutions that the CEDS is in support of may include, but are not limited to, the following:

Alternative financing vehicles for investment capital for new child care facilities would increase availability and provide employment to Vermonters. Vermont's child care industry employs 5,000 state-regulated child care providers.

A consortium of businesses contributing to child care services in the county or on-site services for their current employees and for the purposes of attracting new employees would improve overall child care in the community and the company would receive a significant tax benefit.

Increase government funding for centers. The total economic impact of the child care industry in Vermont is approximately \$426 million annually. This represents 2.5% of Vermont's Gross State Product.

The lack of quality and affordable child care is a local problem often overlooked by society. Therefore, it is important to improve public awareness of the current need for an improvement in child care within the area.

BUSINESS PUBLIC RELATIONS COMMITTEE

During each of the visioning sessions conducted for this planning process, a consistent concern expressed was a lack of understanding as to the importance of commercial sectors to the overall health of the community. It is believed that this lack of understanding has led to misguided regulations and impediments to development.

As the problems are identified, appropriate organizations regionally will need to implement a cohesive strategy of education to create a more conducive environment for development.

I. Problems:

a. Public Perceptions

- Better understanding of economic development issues in the community needed to gain more public support for business issues.
- NIMBY'ism (not in my back yard) prevents needed development
- Public lacks understanding of transportation needs (disconnect between desire for services and products and need to transport goods to market).

b. Tax Reform/Regulatory Reform

- Current perception is that Vermont is not “business friendly”
- Regulatory burdens are impediment to development
- State lacks business incentives to promote capital improvements
- Policy and projects do not do enough to encourage re-investment in businesses and supporting infrastructure.
- Personal and Corporate marginal tax rates create significant competitive disadvantage.

II. Impact to Economic

Climate:

Business growth has been restricted in some communities. Vocal minorities have successfully campaigned to stop projects. Natural resource based industries have not seen a prioritization of road development to allow rural agricultural industry to prosper. As a result this region has seen a decline in manufacturing and agricultural jobs over the past decade.

III. Solutions:

a. Public Education – Build Public Support;

- Promote appreciation of agriculture's benefits to public balanced with understanding of regulatory effects on the ability to have sustainable farms.

- Create support for natural resource based industries by defining value to the economy
- Create greater awareness of the transportation needs for business.
- Work with the press to more accurately tell the story of value of commercial enterprises.
- Help build support for economic development efforts through education of community of the value of development (debunk assertions of “anti-growth” advocates).
- Educate public and businesses of emerging global economic opportunities.

b. Build Coalition of Business Interests;

- Identify associations, organizations who have an interest in business development.
- Seek opportunities to work collaboratively in the education of the community to the value of all represented sectors. Utilize established relationships (*i.e., organizations such as the Regional Chamber of Commerce, Farm Bureau, Woodworking Manufacturers, etc...*).
- Work to educate legislators as to the value of creating a healthy environment for business development.

c. Include community non-profits (social services and development entities).

- Support community through local non-profit efforts (quality of life)
- Create more exposure from non-profits at trade fairs in an effort to promote the region and recruit new business.

HEALTHCARE COMMITTEE

The Addison County Economic Development Corporation, through the CEDS initiative, supports reforms to the health care industry, which promote access, quality and affordability through a combination of private and public initiatives. Efforts should be made to identify and support “best practices” in the private sector which promote shared responsibility, incentives and benefits for employers and employees to utilize health care services in the most appropriate and cost-effective manner possible. These may include financial incentives for employees based on choices and utilization of services or products (i.e., pharmaceuticals); wellness programs and similar initiatives, which reward appropriate utilization of services.

- Support for locally accessible health care services.

Action Step – Present: Support Porter Hospital's Certificate of Need (capital improvement effort)

Action Step – Future: Support continued development of health care assets throughout the region to assure necessary access to services in the future.

- Support effort to study and develop strategy for small employers.
- Support development of elder care and assisted- living housing.
- Support and develop a local "Workers' Compensation Managed Care Program" for work-related injuries and illness (Workers, Compensation Claims), that serves both the interests of the employee and as well as the employer. This program will help employers to more efficiently manage their "work-related injury" losses. Workers' Compensation claims are such a costly thing in terms of the lost productivity coupled with subsequent rises in Workers' Compensation premiums based on related loss experience.

Action Step - Future: Porter Hospital sponsors an employer participating (similar to Rutland Hospital's model) 'Managed Care' program specifically geared toward the treatment and management of work related injury and illness (Workers' Compensation claims).

Small business incentives for “best practices” health care relief:

Many businesses felt that providing health care insurance was critical to attract and retain quality employees. Because of the high cost of health care, many small businesses are trying to lower their health care costs. Here are a few suggestions.

- 1) Give employees more choices in selecting health care based on price.

- 2) Business, unions and politicians, need to support efforts to increase Medicare reimbursements to under funded states.
- 3) Small business and self-insured workers could join a Private Employers' Health Care Plan, which would create a regional health insurance pool, through which businesses that don't self-insure could buy health insurance.
- 4) Choose a cheap plan:
 - a) Health Maintenance Organizations (HMOs) have flat per-employee fee, but tight restrictions.
 - b) Preferred Provider Organizations (PPOs) cost a bit more, but offer employees more flexibility.
- 5) If the business is incorporated, costs are entirely tax deductible.
- 6) Join an Associated Health Plan (AHP). There are strength in numbers, investigate joining a professional or trade organization that offers its members coverage at a group rate discount.
- 7) Cut down on contributions allowed for premiums. Or chose a higher deductible or a higher co-pay.
- 8) Join a discount Health Benefits Club. These clubs offer membership savings on prescription drugs, dental and other health services. These clubs aren't insurance, and they can be used in conjunction with existing health insurance to lower certain costs and even supplement coverage.
- 9) Medical Savings Accounts are available for small businesses or the self-employed. Money contributed to the account each year is tax deductible. Medical expenses are paid for by withdrawing funds from the account. If expenses exceed the insurance policy's deductible amount, the policy pays the additional costs. If less is spent than the amount contributed, the difference stays in the account and earns interest. At the end of the year it can be rolled over.
- 10) Encourage companies to develop employee "wellness" programs, either independently or in collaboration with exisiting local resources as a strategy to promote productivity and lower workplace injuries. Programs might include on-site evaluation of ergonomics and other occupational health topics, smoking cessation education, stress management, etc...

EVALUATION PROCESS

The CEDS Strategy Committee will be charged with review and evaluation responsibilities going forward. The Addison County Economic Development Corporation will provide primary administrative support to the Committee. Quarterly meetings will be held to review progress on short term goals based on the priorities established annually. The Regional Chamber of Commerce, Regional Planning Commission, Regional Development Corporation and Regional Workforce Investment Board will continue to provide updated information as it relates to the priority areas of the CEDS.

To the extent possible, reviews will consist of measuring quantifiable data, i.e. quality job creation will be measured by positive changes in regional average wages, housing by new construction numbers and availability of homes in the marketplace. A report will be generated and will include:

- Adjustments to the CEDS including newly established priorities
- Reports on the previous year's economic development activities and any significant changes in the region's economic conditions
- An evaluation of the effectiveness in meeting stated goals and objectives
- A plan with identified goals for the coming year

The information will be made available to the public for comment through distribution to municipal offices and public meetings annually. Additionally, Addison County Economic Development Corporation will maintain a web site which will include the Strategic Plan, background data, and a forum for providing information to the Committee.

Appendix (available on web at www.addisoncountyedc.org)

Economic Analysis Report

Natural Resource Based Industries Analysis

Emerging Sectors Analysis

Resource Partners

Addison County Quick Facts

2002 Population Statistics:

Addison County	36,550
Addison	1,425
Bridport	1,270
Bristol	3,822
Cornwall	1,179
Ferrisburgh	2,635
Goshen	232
Granville	309
Hancock	390
Leicester	986
Lincoln	1,244
Middlebury	8,248
Monkton	1,815
New Haven	1,697
Orwell	1,232
Panton	686
Ripton	567
Salisbury	1,099
Shoreham	1,264
Starksboro	1,952
Vergennes City	2,787
Waltham	482
Weybridge	834
Whiting	395

Land Area	770 sq. miles
2000 Persons Per Sq. Mile	46.7

2000 Home Ownership Rate	74.9%
2000 Median Family Home	\$111,300

2002 Unemployment Rate	3.3%
2000 Per Capita Income	\$24,583
2001 Annual Wage	\$28,504
1999 Median Family Inc.	\$49,351

2000 County Labor Force	28,251
2000 Residents Not in LF	8,456

*To Provide Comment On This Report
Call or Mail To:*

CEDS
*C/o Addison County Economic Development Corp.
1590 US Rte 7S, Suite 2
Middlebury, VT 05753
(802)388-7953
Info@addisoncountyedc.org*