

Aroostook-Washington Economic Development District (AWEDD)

Comprehensive Economic Development Strategy (CEDS)

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AWEDD CEDS Sections:

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I. Regional Urgency

July of 2011, Washington and Aroostook Counties were combined as one of seven Economic Development Districts (EDDs) in Maine. The purpose of this realignment was to better represent natural economies. The linkage between Aroostook and Washington counties has many similar attributes and unique assets – some of them with great promise and some with serious challenges.

Aroostook Washington Economic Development District (AWEDD) has great potential to leverage its natural resource base and environment, its hardworking people, its proximity to Canada and Europe, and its inherent economic resiliency. Those that live here are individuals and families that have become “survivors” – doing whatever is necessary to secure adequate food, shelter and clothing in a very rural location with an extreme winter climate. Mere survival is not good enough and regional leaders are committed to an economic transformation that will reverse the economic and social decline of the past three decades.

We face two critical issues to shift from a condition of survival to sustainable prosperity.

First, our young people continue to leave for work (and lives) in other parts of our state and region, while we continue to complain bitterly about the reality. This is the root of the region’s economic and social challenge; the critical imperative we face. The 18 to 44 year old age cohort is the workforce lifeblood and is hovering at 30% of the total population; a level below which economists tell us our local/regional economy is no longer sustainable. When the pool of younger workers drops below this 30% threshold, companies struggle to find the workers needed to operate their business; eventually causing them to either close or relocate.

The second issue creating a sense of constraint in Northern and Eastern Maine is our energy cost burden. The region’s citizens and businesses “survive” in a region with twice the national average cost burden for energy. Since energy is the primary input to life and economic performance our region faces a greater barrier than many regions in the US. The cost burden is driven by an 80% use of heating oil, 16 cents per Kw for electricity and a low household income as a result of a constrained economy.

So the challenge is clear. We must reverse this long-term trend of our children leaving us for work elsewhere by promoting the good-paying jobs that do exist, while creating new jobs and opportunity in our regional economy. Mobilize Maine, an asset-based strategic planning process, offers the best hope of accomplishing this positive change. By engaging local and regional business leaders in establishing measurable goals that are then linked to assets (natural, business and human resources), job creation and business expansion is accomplished from within the region. The foundational premise is that business, municipal and non-profit leaders have the capacity to lead economic change if it is based on regional assets that are in our control.

Utilizing the Mobilize Maine process, we have identified the economic sectors that offer the best opportunity, and are investigating, defining and initiating business activities in those clusters that will improve wages and create new jobs to achieve the goals we have established.

II. Overview of the AWEDD Region

AWEDD Regional Vision

Our region is a place of abundant natural resources that is reflected in the beauty of our landscape and the potential for economic and social prosperity it offers. We value the individuality and endurance of our people while recognizing the strong sense of community and place that sustains us. We will create economic growth by focusing on sectors that best leverage these assets and by working to develop policies that promote private sector investment; while at the same time, retaining the quality of life that makes the region special.

AWEDD Regional Goals

A Comprehensive Economic Development Strategy (CEDs) must be more than a description of the region accompanied by broad aspirational goals that allow a wide-ranging list of designated “priority” projects to qualify for federal funding sources.



AWEDD is employing ViTAL Economy’s S.M.A.R.T. CEDs principals to the development of this Comprehensive Economic Development Strategy.

These principles include the following key elements:

Process – Based on Best Practices for Regional Community Economic Development (CED) and Collaboration

Regional Focus – Enables regions to compete against other regional, national and international strategies

Asset-Based – Indigenous assets grow more durable economies

Diversified – Makes for a more nimble & resilient economy!

Measurable Strategy – Responsive to trends...relevant to region

Disciplined & Consistent – All ideas are not equal...priorities matter

The AWEDD CEDs with key strategies and implementable action plans linked to S.M.A.R.T. Goals will become the playbook for a collaborative, region-wide transformation for regional prosperity.

Why having a path forward counts

Economic development in Maine and in our region has traditionally been either reactive (someone calls with a “the greatest business opportunity in a decade”) or needs-based (if we only had that new technology park, the phone would ring off the hook). For the past few years, the Northern Maine Development Commission (NMDC) has been utilizing an innovative and more logical approach to community economic development; asset based. The Mobilize Northern Maine (MNM) – and now, Mobilize Downeast Maine (MDEM) – initiatives employ a community-based collaborative process that engages businesses and community organizations to develop sustainable, specific and measurable goals for the region. These goals are benchmarked to the current economy and form the evaluative backdrop to determine if economic initiatives are working. An essential aspect of the Mobilize Maine process is to identify the human, natural, educational and social resources present in the region and leverage them to create jobs and expand opportunity. The

paradigm shift from the old economic development model is the creation of a collective mindset of regional independence and self-determination that builds on the resources already in our control. This reliance on “what we have” as opposed to “what we need” is a liberating approach that develops strategies that build on regional business clusters and their relative competitiveness in the global economy. And these strategies underpin the initiatives that NMDC carries out to help regional businesses expand and new businesses form. This progressive approach, involving business and community interests, creates an economic path forward that has direction, focus and commitment.

What NMDC’s efforts bring to the AWEDD

There are many important roles that NMDC takes on in putting together a regional economic development strategy. Some of the more obvious are:

Convener

The Mobilize Maine process requires much higher levels of connection and engagement with businesses, county and local governments and NMDC serves as the entity at the center of the critical discussions that take place. Effective meeting facilitation that helps guide the participants to meaningful, understandable conclusions is essential in creating a meaningful strategy.

Advocate

NMDC also is a reservoir of technical assistance for community comprehensive planning, data research and business assistance. With the help of our other partners, the Aroostook Partnership for Progress (APP), Leaders Encouraging Aroostook Development (LEAD) and the Local Workforce Investment Board (LWIB), we work as strong advocates for legislative and regulatory change and oversight

Strategist

NMDC and APP staff understand that in working through the asset-based planning process, the objective is to arrive at several strategies that then lead to practical business opportunities. This produces a more focused, realistic action plan that can be used to organize teams and working groups that create results on the ground.

Lead Civic Engagement (add APP umbrella)

NMDC Executive Board membership consists of the municipalities and county governments in the AWEDD, while the APP Board of Directors represents private business, public interests, and educational partners in the region. Together they provide critical feedback on the issues that are most important to the communities and businesses we serve. Their involvement and engagement in the Mobilize Maine strategic planning is what determines the economic direction and focus of the region.

Apply a Strategic Balanced approach

As we develop our strategies and actions to achieve the regional goals we have set, the importance of sustainable growth, human skill resource and retaining the quality of life that we have must always be front and center. Our vision statement crystallizes what is important and reinforces the belief that we have a responsibility to remain true to the history, culture and lifestyle we cherish.



III. Current Economic State (How are we doing?)

“If you keep doin’ what you always done, you’ll keep gettin’ what you always got.” Moms Mabley.

Regional Mindset Modification - We need to get serious about where we are heading

Aroostook and Washington counties have been trending downward in population, median age, median household income and percentage of total population in the work force for the past four decades. All of these issues are directly related to the continuing out-migration of young working-age people (18-44 year-olds) from the region that results in 1) loss of business due to recruitment issues, 2) less entrepreneurship, and 3) loss of services (healthcare and schools, most directly). Immediate actions need to be taken to retain our young people and lure others to the region; and it must be an initiative that includes and engages all aspects of our communities – business, educational and governmental.

The creation of new jobs, either through business expansion or business start-ups, has been faltering as well and one of the key factors to this problem is the high cost of energy (2 times the national average). The whole Northeast is a high electrical cost region, but the AWEDD area has some of the higher rates and that, coupled with our excessive heating costs, creates a huge operating cost challenge for business and industry. What results from this circumstance is that products and services are less competitive in the marketplace, businesses in the region are less stable and business startup and expansion is depressed.

Opportunities and Challenges that drive our strategy

Opportunities:

- Very active international border with Canada that offers significant economic opportunity for business expansion and more meaningful cross-cultural engagement.
- Expanded shipping opportunities at the Port of Eastport (deepest port on the U.S. east coast); especially to European biomass market.
- Available (and increasing) tillable cropland, much of it suitable for organic use.
- Expanding and diversifying value-added wood products that will leverage the most concentrated wood resource in the U.S.
- Utilization of our renewable and alternative energy resources in wind, tidal, biomass and compressed natural gas.
- Expanding value-added processing of crop and marine resources
- Potential of mining in Northern Maine
- Expanded utilization of higher education resources

Challenges:

- Lowering energy costs for business and industry
- Mitigating distance to market through more effective/efficient transportation.
- Limitations on local economy’s ability to support more businesses/service providers.
- Inability to capture more transiting tourism visitors.
- Reversing the prevalent negative mindset and aversion to risk-taking/trying something new.
- Lack of rail infrastructure connection to Port of Eastport
- Small number of “leaders” in the region
- General lack of business acumen/sophistication and lack of entrepreneurial training and assistance
- Accessing Canadian market

IV. Six Economic Drivers- Growth and Prosperity

- **Asset Based Cluster Development**
- **Entrepreneurship and Innovation**
- **Education and Workforce Development**
- **Access to Capital**
- **Infrastructure and Environment**
- **Leadership**

Asset Based Cluster Development

AWEDD's approach to asset based economic development focuses on the regions competitive strengths and opportunities. Systematic regional asset mapping has been completed in nine categories including tangible and intangible assets; natural, human/skills, knowledge, cultural/historic, geographic, excellence, infrastructure, government and innovation. The exploration and analysis of the regions assets has included a prioritization process consisting of a determination of assets that are "truly unique and indigenous" and that can be leveraged to reach the measureable economic vision. Output from this analysis are regional priority assets, targeted industry clusters, strategies and specific industry sectors for value chain mapping.

AWEDD's priority industry clusters are *Alternative Energy, Manufacturing, Agriculture, Forest Resources, Tourism and Marine Resources*. We will be paying particular attention to how educational institutions and workforce training address the changing structural job requirements to better support these clusters

Entrepreneurship and Innovation

AWEDD employs a holistic ecosystem approach to assessment and further development of the region's entrepreneurship and innovation framework. This ecosystem includes businesses – both traditional and technology driven; knowledge transformers and idea igniters, including universities and other education/research centers; change agents; public agencies and the non-profit sector; and multiple levels of investors.

The strength and measurement of this driver will be determined with four metrics (the 4 P's):

Pipeline – the number of active ideas generated and pursued

Participation level – the number of active and engaged innovators and entrepreneurs;

Prototypes – the number of products or services developed and entering the market;

Portfolio – the mix and success rate of ideas.

The AWEDD region is very rural in nature and the distance to typical generators and supporters of vibrant innovation and entrepreneurship can be an isolating factor. Therefore, the region is pursuing a "right sized" innovation and entrepreneurship ecosystem, utilizing existing in-region assets while building partnerships with external capacity resources to fill local gaps. This approach will result in forming a Venture Development Organization devoted to qualified entrepreneurs seeking assistance.

Education and Workforce Development

Human capital is a top priority for the AWEDD region, and regional leaders recognize that development, retention, and attraction of sufficient quantity and quality workforce is essential to a sustainable Northern and Down East Maine economy.

AWEDD has taken multiple steps to reinforce and leverage the resources and tools within economic and workforce development. AWEDD is one of a few federally recognized regions in the country that have merged the regional Workforce Investment Board (LWIB) with the regional economic development district (EDD). Consequently, discussions, strategies and actions undertaken in the region meaningfully integrate workforce issues with industry needs. This is particularly the case with a new emphasis on “industry partnerships” that will link specific sector training needs to training resources. In the K-12 school system, there is growing focus on an “Education to Industry” initiative that seeks to engage middle and high school students in a variety of programs that will give them more direct work experiences. School superintendents are working with regional business leaders to change how students connect to and become aware of the availability of good jobs. Efforts will be increased to better connect research and development in private/public institutions in the aquaculture, farming, forestry and renewable energy sectors with companies that can leverage that research into business opportunities.

Access to Capital

AWEDD is implementing a strategic lifecycle approach for access to capital. This lifecycle strategy includes the formation of capital sources from microloan/startup financing, debt and equity, growth and public finance. Access to capital strategies are directly linked to the innovation and entrepreneurship, industry cluster development and infrastructure drivers. The region has solid expertise and a variety of revolving loan funds which have performed adequately. The region desires to increase deal flow and provide mentoring and resources to reduce loan risk, improve investment performance and economic impact.

Infrastructure and Environment

Regional infrastructure analysis, needs and priorities come directly from the regional asset based industry cluster activities. Infrastructure projects and priorities are analyzed and developed based upon regional return on investment and impact on industry cluster competitiveness.

Environment is viewed in the context of Quality of Place characteristics. Northern Maine is a region that covets its natural environment as a place for commerce, recreation and a unique lifestyle. Protection and development of the natural environment is balanced and recognized as a priority in a knowledge-based 21st century economy.

Leadership

NMDC views leadership as an immediate requirement but also a long term priority to guide and drive the regions comprehensive economic development strategy forward. We recognize the role and value of private sector leadership and involvement in economic development through our experience of the Mobilize Maine work. To that end, NMDC has purposefully combined and streamlined boards and committees to increase efficiency and effectiveness. Private sector leadership and advisement is being provided through the Aroostook Partnership for Progress and the Sunrise County Economic Council (SCEC). We recognize and support the other community groups that sustain the identification and development of new and future leaders. These include Leaders Encouraging Aroostook Development (LEAD), Momentum Aroostook, SCEC Leadership Institute, and Washington County One Community. It is vital that these programs be expanded and that new programs be developed to grow the development of informed new leaders in the region.

V. Measuring Progress - Moving Forward

<i>AWEDD</i>	<i>Baseline 2010</i>	<i>2017 Goal</i>	<i>Change</i>
Population	104,726	108,841	4,115
Employable Population (16 and older)	86,700	90,660	3,960
Labor Participation Rate	58.09%	59.50%	1.40%
Total Employment (<i>Line 3 X Line 2</i>)	50,368	53,939	3,571
Average Wage per Job (BEA CA30 line 300)	\$ 35,581	\$ 36,481	900
Total Region Wages (BEA CA30 line 190)	\$ 1,792,151,948	\$ 1,967,756,750	175,604,802
Per Capita Income (BEA CA30 line 110)	\$ 31,019	\$ 34,067	3,048
Regional GDP	4,633,000,000	5,042,715,000	409,715,000
Bachelors Degrees 25 & Over	11,776	12,776	1,000
<i>Regional Specific Goals</i>			
Increase younger population 25-44	27,867	32,460	4,593
Associate Degrees (25 years & older)	8.60%	8.90%	0.30%

Note: These goals were established by convening regional business, governmental, and educational leaders to discuss basic economic and socioeconomic indicators for the region. From those discussions, these goals were agreed upon as aggressive, but achievable, targets for regional growth over the next five years.

Asset Based Cluster Development Goal Statement. By focusing on six asset based industry clusters the region will realize 3,571 new jobs by 2017, 3,214 @ \$36,500, 357 @ \$40,000 and total employment of 53,539.

Alternative Energy Goal - Realize 236 jobs in the Renewable Energy Economy strategy by 2017.

Strategy 1. Establish an active and integrated industry cluster leadership in Aroostook and Washington County by December 2013, to implement and achieve the cluster goals.

Action Item 1. Leadership work plan to be developed by Q1 2014

Strategy 2. Focus on and evaluate a wide variety of alternative energy sources to reduce the heat energy cost burden in Northern and Eastern Maine by \$10 million dollars per year by 2017.

Strategy 3. Produce 45,000 tons locally sourced biomass in the transition of (10) commercial and (1,500) residential units from heating oil to biomass by 2017.

Specialty Manufacturing and Processing Goal – Achieve 350 new jobs in metals manufacturing, food product manufacturing and natural resource product manufacturing

- Strategy 1.* Continuing consultation with small manufacturers by conducting 50 business visits and delivering 5 efficiency improvement projects per year.
- Strategy 2.* Identify, research and communicate niche market opportunities to business leaders through newsletters, workshops and summits.
- Strategy 3.* Develop residential and/or commercial heating appliance manufacturing in the region.

Diversified Agriculture Goal – Accomplish 50 new farm businesses/jobs, increase net income to farmers by 10%, expand acres under production by 5,000 and increase value added production.

- Strategy 1.* Establish an active and integrated industry cluster leadership in Aroostook and Washington County by December 2013, to develop strategies and action plans to achieve the cluster goals
- Strategy 2.* Identify and determine characteristics and primary crop opportunities for the 28,000 plus acres coming out of the conservation resource preservation program.
- Strategy 3.* Build and strengthen distribution systems across Aroostook/Washington Counties to east coast markets

Forest Products Goal – By 2017, increase total value-added wood products manufacturing in Northern and Eastern Maine by 40%.

- Strategy 1.* Establish and support an integrated industry cluster team with Aroostook and Washington County participation by December 2013 to craft and implement a forestry strategy
- Strategy 2.* Regular review of the legislative and regulatory climate to streamline and improve the forest operational business climate.
- Strategy 3.* Build a workforce supply pipeline through youth engagement and the establishment of a timber harvesting training program at NMCC

Marine Resources Goal – Increase marine-related employment by 250 jobs through expansion of research, harvest, processing and marine vessel manufacture.

- Strategy 1.* Investigate and develop a regional business case for increased seafood processing capacity in the region.

- Strategy 2.* Expand marine research capacity in the region by leveraging the unique marine environment and creating connection to interested out-of-region research institutions.
- Strategy 3.* Investigate and develop marine vessel manufacturing in the region.

Tourism Goal – Increase overall lodging and dining revenues by 25%, employment by 15% and expand or develop five major events.

- Strategy 1.* Increase event coordination capacity in the region
- Strategy 2.* Coordination of public and private marketing dollars to increase visitor interest and impact.
- Strategy 3.* Improve the quality and quantity of basic tourism information about customer demands and regional tourism products to guide improved visitation and spending.

Entrepreneurship and Innovation Goal Statement. By 2017, the region will improve the overall business acumen and increase business starts to over 400 per year and grow overall total number of firms by 10% (+1,102) to 12,129.

- Strategy 1.* Complete a regional innovation strategic plan by December 2013 to guide the direction and priorities through 2017.
- Strategy 2.* Increase the regions interest and capabilities to start new businesses by providing one-on-one consultation, start-up workshops and trainings.
- Strategy 3.* Focus a part of the Education to Industry initiative to include business ownership and entrepreneurial concepts and opportunities.

Education and Workforce Development Goal Statement. Increase workforce supply (18-44 year olds) by 4,199 and educational attainment, (+1,000) of 25+ with Bachelor’s Degrees and (+227) 25+ with Associates Degrees

- Strategy 1.* Target workforce development resources with industry cluster teams for improvement of 5,036 jobs by \$5,000 per year through workforce training and full time employment
- Strategy 2.* In 2015, strengthen and expand the Education to Industry initiative to include Washington County and all six industry clusters.
- Strategy 3.* Establish a strategic and measurable action plan that recognizes regional higher education institutions as economic drivers and their role in achieving the 18-44 year old demographic goal.
- Strategy 4.* Create two industry partnerships that directly link prioritized sector strategy needs to training resources.

Access to Capital Goal Statement. Increase overall lending in the region by 15% by 2017 including the coordination of capital resources from micro lending to public projects and mature industry finance.

- Strategy 1.* Active involvement of finance expertise and resources in all phases of Mobilize Maine sector activities.
- Strategy 2.* Support discussion between SCEC and NMDC lending resources to look at specialty lending products to serve niche market sectors.
- Strategy 3.* Promote risk reduction of commercial lending through the development of loan products that require more direct involvement in actively monitoring

Infrastructure and Environment Goal Statement. Starting in 2014 build a strategic community and economic linkage between regional project prioritization and the regional vision and goals.

- Strategy 1.* Beginning in 2014, NMDC will coordinate and facilitate a region-wide project prioritization process to inform the CEDS and also build consensus among public, private and non-profit parties
- Strategy 2.* NMDC will incorporate and leverage the work conducted in the Grow Washington Aroostook initiative to inform and design 2014 – 2017 infrastructure and environment strategies and actions
- Strategy 3.* Tourism initiatives will incorporate the land and water based trail systems as a quality of place asset with recreational tourism opportunities to support the economic goals.
- Strategy 4.* Determine the regional significance of the Port of Eastport; especially in relation to transportation connections to supply and market.

Leadership Goal Statement. By 2017, NMDC and its community economic development partners will expand the regional and Mobilize Maine leadership to 500 active participants.

- Strategy 1.* NMDC will coordinate and facilitate under the Mobilize Maine initiative the strategic alignment of community, economic and workforce development entities, along with the private sector, focusing on the achievement of the regional goals.
- Strategy 2.* Continue to expand the role of the private sector in the design and leadership of the regional economic development strategy.

Strategy 3. NMDC will develop and implement a coordinated internal and external communication strategy designed to reinforce the purpose and progress of the regional strategy.

VI. High Impact Project priorities

Project Selection

The criteria for project selection will be revised over the upcoming year to reflect the new goals outlined in this CEDS. There will be a challenge in relating project information to each and every goal component, so it is anticipated that the project rating system will rely more heavily on new jobs, wage level, and related benefits to determine priorities. One of the tools that will be used for project selection and impact will be the Northern New England Economic Model, a credentialed model developed by Connect Northern New England and Vital Economy. This model will be used to determine the economic impact of job creation in various sectors and how those jobs assist in accomplishing the regional goals. Currently, the only project that has been identified as a priority project is the “Investing in Manufacturing Communities Partnership” project that seeks to establish heating appliance manufacturing in the AWEDD region. Our regional experience is that projects that might need EDA funding come up quickly and spontaneously and we have mechanisms in place to react quickly to these circumstances (see Priority Project Amendments below).

Additionally, projects that fall under the focus cluster areas of *Alternative Energy, Manufacturing, Agriculture, Forest Resources, Tourism and Marine Resources* will receive more weight and attention; while, at the same time, the emphasis for any project will be the job and wage impact for the region.

Priority Project Amendments

If and when a significant project is proposed that needs to be added and/or moved on the priority list, NMDC staff members will prepare a project scoring sheet that will be circulated to the LWIB CEDS subcommittee members who will be polled on the proposed action. The poll may be taken by telephone, in person, or in writing (including email). The person taking the poll shall record each Council member’s vote in writing. Any action taken by a majority of the Council shall be deemed the action of the Council, provided that no Council member expresses objection to informal action being taken without a meeting at the time of the poll. If there is an objection, a special meeting will be called.