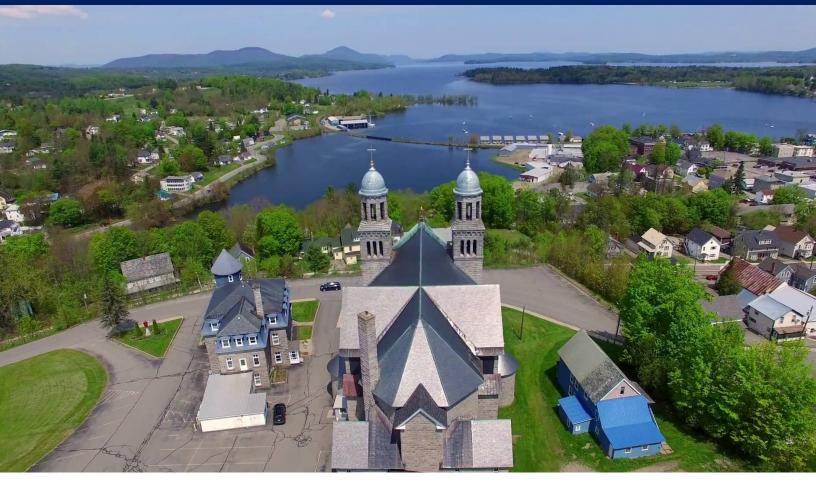
2018 **NVEDD** Annual Report



Northern Vermont Economic Development District,

Creating a thriving, resilient region with a diverse, sustainable economy



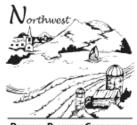
NVEDD is a partnership between the Regional Planning Commissions and Economic Development Corporations of Northern Vermont











REGIONAL PLANNING COMMISSION



GOALS & DEMOGRAPHICS

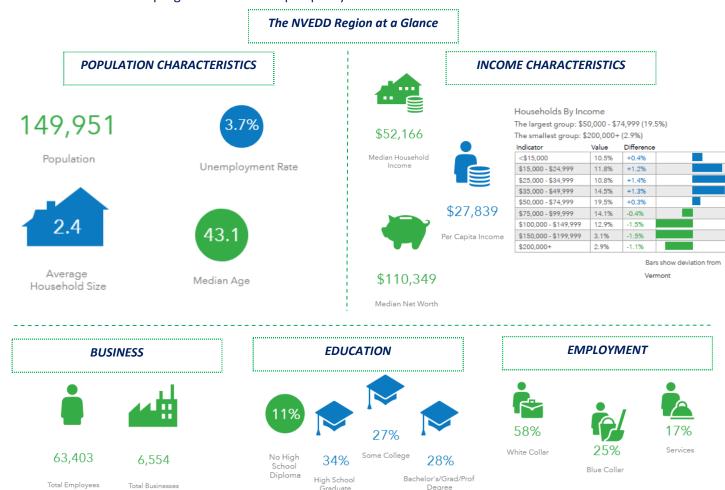
NVEDD—Caledonia, Essex, Franklin, Grand Isle, Lamoille and Orleans Counties of Vermont



In 2016 the Northern Vermont Economic Development District (NVEDD) adopted its Comprehensive Economic Development Strategy. This plan includes five interconnecting goals to achieve regional economic prosperity in Northern Vermont.

The path to achieving economic resilience in the Northern Vermont region requires improving the income demographic through the creation of jobs that pay livable and sustainable wages (business growth). In turn this means creating an environment to support business expansion and recruitment (infrastructure improvement), preparing a workforce for these opportunities (workforce development) and promoting developments that make communities attractive, affordable, vibrant places to live, work and play (quality of life).

As the image indicates, building a foundation of economic resilience in the region is both an outcome and a strategy that informs the development of four other interdependent goals. Investments made in the development of each of these goals can have a positive impact on each of the other goals. The Northern Vermont Region therefore, can only benefit by integrating the NVEDD CEDS Plan into partner organization's work plans as well as by assisting funding agencies in strategic investment in the region. What follows is a snapshot of economic indicators with highlights of investments in some of the goals across the region. This report will be complimented by a dashboard of indicators and additional success stories on the NVEDD web site to track the progress of economic prosperity over time.



Degree

STRATEGIC INVESTMENTS IN THE DISTRICT

NVEDD—Caledonia, Essex, Franklin, Grand Isle, Lamoille and Orleans Counties of Vermont

The Northern Economic Development District (NVEDD) is defined geographically by the boundaries of the six counties in the northern tier of the state. However, based on their economic demographics, some communities and counties within the district are further defined by programs that bring targeted funding, incentives and services to address economic development challenges. The following examples demonstrate the types of opportunities available across the district:

• Northern Borders Regional Commission

The entire district is eligible for Northern Borders Regional Commission (NBRC) grant funding. Administered primarily through the NBRC's Economic & Infrastructure Development Investment program these federal grants are awarded to employment generating projects that help to reduce poverty, unemployment, and outmigration. Up to a \$500,000 maximum award to eligible infrastructure projects, up to a \$250,000 maximum award for all other types of eligible projects;



Rural Economic Area Partnership (REAP) Zone

The three northeastern counties in the District — Caledonia, Essex and Orleans—are designated as a Rural Economic Area Partnership (REAP) Zone, an initiative of USDA Rural Development established to address critical issues related to constraints in economic activity and growth, low density settlement patterns, stagnant or declining employment, and isolation that has led to disconnection from markets, suppliers, and centers of information and finance. The REAP Zone status offers access to reserved funds from USDA Rural Development for new and developing projects.

Opportunity Zones

Opportunity Zones were created by the Tax Cuts and Jobs Act of 2017, creating a new tax incentive for investors who make qualified investments in Opportunity Zones through an Opportunity Fund. Investors will be able to defer or reduce federal tax liability on income directed to a fund and invested in Opportunity Zones. In March, Vermont Governor Phil Scott nominated 25 low income census tracts in the State of Vermont as Opportunity Zones. Of those 25, there are 4 Opportunity Zone communities—Lyndon, Newport City, St. Albans City, and St. Johnsbury— within the District.





State of Vermont Agency of Commerce and Community Development

To create strong and resilient communities, the State of Vermont integrates business and economic development with a focus on the quality of life and a sense of place in local communities. In addition to the federal programs outlined above, the State of Vermont Agency of Commerce and Community Development provides many programs and funding strategies across the state to address economic and community development challenges. These state-wide programs range from tax credit programs, economic incentives for business recruitment, growth and expansion, incentives and technical assistance for downtown and village center development, permitting benefits for new housing, funding for transportation-related public improvements, community development block grants, infrastructure and housing grants, tourism and marketing resources, and many other programs.

As the Northern Vermont Development District continues to refine its reporting on the District, using both economic demographic indicators and different types of investment funding for economic and community development projects, it will also be important to analyze and evaluate the role and impact of funding opportunities in the District. In creating a resilient and sustainable economy, there is a need to assess funding sources and mechanisms to determine whether there are missed opportunities to create greater economic impacts by a strategic alignment of investments and resources available to the region.



CULTIVATE BUSINESS GROWTH

The NVEDD region faces challenges in cultivating business growth. According to the 2017 Forbes State Rankings Report for Business, Vermont has the smallest economy in the U.S. at \$31 billion. Although the state's five-year average unemployment rate of 4% was the fourth lowest in the country, Vermont's cost of doing business is 12% above the national average. The state's economic outlook is also weak—projected to be the second worst in the U.S. over the next five years. Job growth (2017) was 0.9% and income growth also lags when compared to the rest of the country. College attainment is only 36.9% and net migration (2016) is -1,900.

FORBES State Ranking for Business (out of 50)	Business Costs Rank	Labor Supply Rank	Regulatory Environment Rank	Economic Climate Rank	Growth Prospects Rank	Quality of Life Rank	Population
VERMONT	47	28	44	44	49	23	624,600

The NVEDD Business Profile

Total Businesses:	6,554
Total Employees:	63,403
Total Residential Population:	149,951
Employee/Residential Population Ratio (per 100 Residents)	42

In FY2018 the NVEDD region contained just over 6,500 businesses employing 63,400 people.

The largest number of business establishments are:

- Retail trade (1,018)
- Services (except public administration) (842)
- Construction (554)
- Public Administration (501)
- Health Care and Social Assistance (491)
- Accommodation and Food Services (481)

Businesses with largest number of employees are:

- Accommodation and Food Services (11,276)
- Health Care and Social Assistance (8,070)
- Retail trade (8,050)
- Educational services (6,913)
- Manufacturing (5,556)

by NAICS Codes	Businesses		Employees	
Agriculture, Forestry, Fishing &	Number	Percent	Number	Percent
Hunting	180	2.7%	949	1.5%
Mining	4	0.1%	51	0.1%
Utilities	26	0.4%	238	0.4%
Construction	554	8.5%	2,950	4.7%
Manufacturing	238	3.6%	5,556	8.8%
Wholesale Trade	231	3.5%	1,780	2.8%
Retail Trade	1,018	15.5%	8,050	12.7%
Transportation & Warehousing	215	3.3%	1,429	2.3%
Information	143	2.2%	1,014	1.6%
Finance & Insurance	190	2.9%	1,172	1.8%
Real Estate, Rental & Leasing	273	4.2%	990	1.6%
Professional, Scientific & Tech Services	369	5.6%	2,228	3.5%
Legal Services	66	1.0%	266	0.4%
Management of Companies & Enter- prises	8	0.1%	235	0.4%
Administrative & Support & Waste Management & Remediation Ser- vices	158	2.4%	893	1.4%
Educational Services	218	3.3%	6,913	10.9%
Health Care & Social Assistance	491	7.5%	8,070	12.7%
Arts, Entertainment & Recreation	147	2.2%	919	1.4%
Accommodation & Food Services	481	7.3%	11,276	17.8%
Accommodation	182	2.8%	7,704	12.2%
Food Services & Drinking Places	299	4.6%	3,572	5.6%
Other Services (except Public Administration)	842	12.8%	3,373	5.3%
Public Administration	501	7.6%	5,047	8.0%
Unclassified Establishments	267	4.1%	270	0.4%
Total	6,554	100.0%	63,403	100.0%

CULTIVATE BUSINESS GROWTH—INVESTMENTS

Investments in Working Lands Business Growth

The backbone of Vermont's heritage and economic viability is the working landscape. The "working landscape" consists of agriculture, food system, forestry, and forest products based businesses. Approximately 20 percent of Vermont's land is used for agriculture and 75 percent for forestry.

The Northern Forest Center

The Center was awarded a grant of \$162,500 from the Northern Borders Regional Commission to provide technical assistance to more than 57 forest-based businesses, including wood product manufacturers, wood-energy businesses and tourism businesses to help them adapt to the changing regional forest economy. This assistance aims to create or retain 350 jobs and leverage over \$1 million in private investment across Caledonia, Essex, Franklin, Grand Isle, Lamoille, and Orleans counties.





The Town of Hardwick

In collaboration with the center for an Agricultural Economy, the Town of Hardwick received a \$250,000 grant from the Northern Borders Regional Commission to purchase 4 acres of land with buildings to be used for business development, expansion and as a fulfillment center to promote the Vermont brand, working lands businesses, and to cultivate economic resiliency and innovation in northeastern Vermont. The buildings to be purchased include the famous "yellow barn" in Hardwick, a local landmark that will be repurposed into a multi-tenant, "manufacturing" center, that assists in the creation of a place-based economy that supports working lands and working people in the production of local food.

Working Lands Enterprise Initiative Grants

Business Investments are one of two focus areas of the Working Lands Enterprise Initiative, with grants ranging from \$5,000 - \$50,000 for new and growing agriculture, forestry, and forest products enterprises. In 2017 the Business Investment area received 67 applications with a total request of \$1.8 million in funds. Twelve businesses were awarded over \$403,900, and leveraged \$855,605 in matching funds with a median match of \$50,000 per business. In the Northern Vermont Economic Development District three businesses were awarded grants:

Agriculture: Two businesses located in Orleans County received funding:

- Sweet Rowen Farmstead in West Glover received a \$50,000 for an on-farm creamery and community space
- Pete's Greens in Craftsbury received \$20,000 for improved seed garlic access for Vermont farmers.

FORESTRY: One business located in Lamoille County received funding:

 Bourne's, Inc. in Morrisville received \$27,500 for purchase of a bulk pellet delivery truck





CULTIVATE BUSINESS GROWTH—INVESTMENTS

Business Growth Investments in the NVEDD REGION

An emerging economic growth sector in Vermont is the Vermont craft beer industry. Vermont's craft beer industry generates \$376.7 million in total economic activity and supports nearly 1,900 jobs in the state. Current membership in the Vermont Brewers Association is 56 breweries. There are 11.49 breweries per capita ranking Vermont 1st in the nation. These breweries produce 17.4 gallons per 21+years old adults, again ranking Vermont 1st in the nation.

There is significant economic impact of this growth sector across many sectors—beer distributors employ graphic artists, sales representatives and truck drivers to name a few. According to the economic impact report <u>America's Beer Distributors: Fueling Jobs, Generating Economic Growth & Delivering Value to Local Communities</u> based on 11 distributors in Vermont the following table demonstrates the Economic Impact distributed across several industries:



BUSINESS SECTOR NAMES	JOBS	WAGES & SALARIES	TOTAL VALUE OF PRODUCTION
Personal Services	140	\$8,344,576	\$16,150,494
Business Services	119	\$4,693,306	\$12,083,819
Food Services and Drinking Places	102	\$2,265,426	\$5,903,642
Retail Stores—General	75	\$2,205,683	\$5,643,730
Real Estate Establishments	74	\$1,508,286	\$14,880,530
Individual and Family Services	70	\$1,709,384	\$3,123,719
Financial Services	44	\$2,216,973	\$6,936,055
Retail Stores—Motor Vehicle Parts	29	\$1,413,843	\$3,125,501
Retail Stores—Food and Beverage	26	\$693,830	\$1,620,857
Services to Buildings and Dwellings	26	\$559,518	\$1,405,304
Warehousing and Storage	23	\$842,899	\$2,120,609
Construction	22	\$1,161,381	\$3,678,500
Information and Communication Services	10	\$737,152	\$4,234,562
Household Operations	9	\$108,211	\$115,498



To support this growth by keeping the cost of business down, USDA-RD awarded a \$19,997

Rural Energy for America Program Grant to Kingdom Brewing LLC in Newport (Orleans County). These funds will be used to make energy efficiency improvements with the purchase and installation of a chiller. This project will realize \$18,091 per year in savings, and will replace 198,701kWh per year, which is

enough electricity to power 18 homes.



To support the emerging tourism draw of this sector and boost visitor traffic to the Northern Vermont region, the Northern Borders Regional Commission awarded a \$46,000 Economic & Infrastructure Development (EID) Grant (with a match amount of \$50,000) to the Vermont Brewers Association to support the *Brewery Challenge Passport Program*.

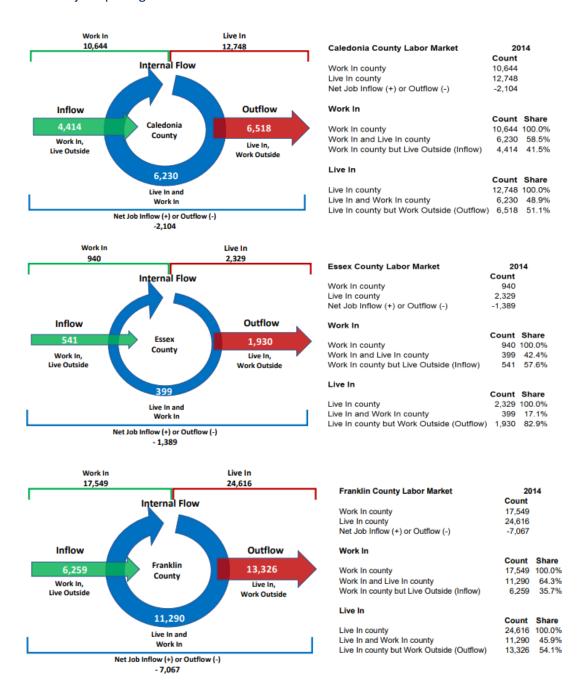


Visitors to breweries are predominantly from out of state bringing tourist spending into areas where they may not otherwise be traveling. Funds will be used to launch a mobile app to bring this program digital, reaching the breweries in Caledonia, Essex, Franklin, Grand Isle, Lamoille, and Orleans counties of Vermont.

DEVELOP WORKFORCE

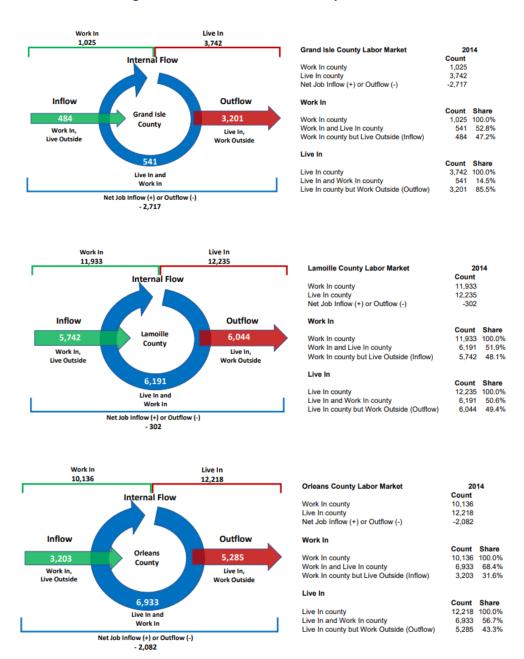
Commuting Patterns and Workforce Development

With data drawn from *Vermont's 2017 Economic Demographic Profile*, the flow of workers between where they live and where they work across the 6 counties of the District provides insight on local employment opportunities (or lack thereof) as well as the quality of life and/or cost of living that impacts the value of an employees income. A community that may be an inexpensive place to live provides more disposable income to workers who may be willing to travel to other communities to work. This information is helpful in creating employer-recruitment opportunities as well as in creating training programs to address the reasons why workers may be leaving the area if there is a mismatch between the workers' skills and job openings.



DEVELOP WORKFORCE

Commuting Patterns and Workforce Development—continued



In reviewing the workforce commuting patterns, it is clear that every county in the District, nearly 50% or more of each county's labor force works outside of its home county. This is a startling statistic, given the challenges of transportation across the region in terms of roads, weather, and general lack of public transportation infrastructure. Further analysis is needed to determine whether these patterns reflect lack of employment opportunities in each county, wage disparities within the state, or quality of life concerns that are met in the home county but not in the work county.

DEVELOP WORKFORCE - INVESTMENTS

Investment in Distance-Learning for Workforce Development

Northern Vermont University



A USDA Rural Utilities Service Office grant of \$389,000 was awarded to enable the new Northern Vermont University (NVU) to develop a distance-learning network that will increase live course offerings and delivery methods for students throughout Vermont. This grant, given through the Distance Learning and Telemedicine Grant Program, supports broadband to help communities access education and health care.

With both mobile and fixed video conferencing technology, the one-year grant will fund delivery of a range of courses and connect NVU and its two campuses, Johnson and Lyndon, to Vermont Technical College, and Vermont high schools and adult learners around the U.S. The grant will help the Vermont State Colleges System and the state meet goals of

- increasing higher education access,
- college degree completion rates and
- workforce development opportunities for Vermonters.

The grant will fund the restoration of a dedicated classroom for Vermont Tech to deliver nursing courses to Lamoille County, a much-needed program that was discontinued a few years ago when funding for the videoconferencing services, was discontinued.

In addition to the Vermont Tech courses, classes for adult learners will be available through desktop conferencing, so students can interact with a live class from anywhere they have an internet connection. Twenty-eight Vermont high schools will receive new technology so dual-enrollment students can take college courses for credit while they're at school.

The new videoconferencing network will create efficiencies such as course-sharing between Johnson and Lyndon as they unify into Northern Vermont University. Trainings, conferences and informational sessions will be offered also to groups in a videoconferencing room at either NVU-Johnson or NVU-Lyndon.

GOAL

PROMOTE QUALITY OF LIFE IN COMMUNITIES

A healthy, resilient economy should support and improve the quality of life for those who live, work, and visit the communities that make up the Northern Vermont Development District. Improving the quality of life raises the desirability of a community. A good quality of life both attracts and retains the population, adds revenue and boosts the recognition and reputation of a community.

Health rankings, for example, are one indicator of a community's quality of life. In the 6 counties of the District, the county health factor rankings range from a high of 6 to a low of 14, where the median health ranking is 10 (with 1 being the healthiest ranking and 14 being the unhealthiest ranking. Development initiatives that boost the economy and also improve health rankings for example, would be good investments in promoting the overall quality of life for communities.

INVESTMENTS IN THE QUALITY OF LIFE OF COMMUNITIES

On July 19, 2013 the ground breaking ceremony of the Lamoille Valley Rail Trail (LVRT) took place at the site of a new bridge over Mt. Vernon Street in St. Johnsbury. This was the first step in linking St. J's Three Rivers Bike Path with the Swanton Recreation Trail – 93 miles away . The LVRT is a four-season, multi-purpose recreational and educational corridor that will extend across some of Northern Vermont's most beautiful landscapes, making it the longest rail trail in New England. Currently 33 miles of the trail are now open with completion of the remaining sections projected to be over the next five years.





In 2017, the Vermont Association of Snow Travelers (VAST) received a Northern Borders Regional Commission grant of \$200,000 to undertake repairs and construction along the 11.6-mile section of the Lamoille Valley rail bed which runs from Sheldon to Swanton.



The economic benefits of the trail are projected to be in the area of about \$2 million per year from tourists once word of the trail begins

to spread. New business growth has started with the creation of Lamoille Valley Bike Tours which rents electric bikes to trail-goers, and in the section of the trail that runs from Morrisville through Hyde Park and Johnson to Cambridge Junction, businesses in all four towns are reporting that the people using the trail are also patronizing local stores and restaurants.

ABOUT THE COVER PHOTO

A View from the Communities in the NVEDD

Newport: An Economic History

In 2018 the community of Newport celebrates its 100th year. Its history over those last 10 decades reflects that of many northern Vermont communities that relied on logging as its primary industry in the last century.



Constructed on the highest point in Newport beginning in 1903, St. Mary's Star of the Sea church was dedicated in 1907. Its commanding view of Lake Memphremagog—a 32-mile long body of water extending from the shores of Newport north into Canada—included views of the logging mills and railway tracks that circled the shores of the lake.

Although smoke from the mills and coal dust and steam from the trains choked the air of downtown Newport (explaining why the City was built with its "back" to the lake) to the locals these industrial odors were the said to be the "smell of bread and butter."

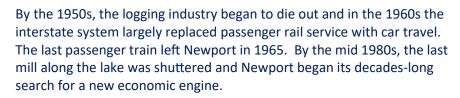


The community prospered and hotels, stores and restaurants flourished as sleek new passenger trains carrying people from New York to Montreal stopped in Newport.



From the late 1930s through the early 1950s, Newport was home to the largest dance hall in New England, with performers such as the Dorsey Brothers,

Rosemary Clooney, Louis Armstrong, and the Glenn Miller Orchestra stepping off the trains to perform to crowds from around the region.









Today St. Mary's Star of the Sea church sits serenely where it did in 1907, with the hilltop view of a now pristine lake uncluttered by mills on its shoreline and logs in its bays. Once an integral piece of Newport's logging industrial complex, the lake is now a different economic asset for the community. As one economic development strategy, Newport is focusing some of its development around the recreational economy in order to leverage its incredible natural assets into a sustainable economic model for local employment with livable wages and a good quality of life for the community. With assistance from local, regional, state and federal partners, Newport's next 100 years is looking bright.

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