

# CFED Board Packet for September 10, 2007

## AGENDA

August 13, 2007 draft meeting minutes

### Background documents:

- A summary of past meeting minutes  
- including December vision statement and dashboard
- Creative Economy notes
  
- Strategic Vision and Business Plan for Job Creation and Economic Advancement UPDATE 2005

<http://www.thinkvermont.com/JobCreation05/GovJobCreationEcoAdvancStrategicPlan05.pdf>

- A Plan for a Decade of Progress -- Actions for Vermont's Economy -- Vermont Economic Progress Council -- 2002 Report

[http://www.thinkvermont.com/vepc/pdf/2002\\_LREP\\_Report.pdf](http://www.thinkvermont.com/vepc/pdf/2002_LREP_Report.pdf)

### Organizational Documents

- Draft work plan & Draft public engagement process
- Summary of Commission member survey results on strategic questions

For information:

<http://www.snellingcenter.org/cfed/>

Glenn McRae

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**CFED - Vermont -- September 10, 2007 9am - 4:00pm**  
**- Woodbury College, Montpelier, VT-**

DRAFT AGENDA - subject to approval by Chair

9-9:30 - Opening and basic business

- Welcome and Review of Agenda *Chair*
- Review of Minutes from August 10 *Chair*
- Meeting schedule for Fall and Spring *Snelling Center*

9:30-10:45

- Vision/Strategic Statements Survey - Review and discuss *Snelling Center*

10:45-11:00

BREAK

11:00 - 12:00 Background - The Charge to the Commission (see attached)

- Review of follow-up notes on the Creative Economy
  - Review of notes and discussion on Green Technologies sector
  - Overview of previous topics and testimony - highlights
- Putting it all together - Begin with the end in mind - What is the hard core utility of the CFED product(s)?

12:00-12:30 - Lunch and general discussion

12:30-1:00 - The current VEPC Strategic Plan - overview and organization; structure and content

1:00 - 2:00 - Discussion: Is the VEPC plan the best initial framework on which to build the CFED product?

- what works, what doesn't, what is missing?

2:00 - 3:30 - Building the work plan moving ahead

*Each commission's **five year plan** shall identify the long **term goals for Vermont economic development and job retention** in light of the local and global economic climate and for increasing the wellbeing of Vermonters and their communities. The plan shall **identify prioritized criteria by which to evaluate legislative proposals for economic development programs** in the coming five years which will best serve the goals of the five year plan. (Act 184)*

1. Content and Goal of Meetings; Other research required; public engagement process.
2. September letter report to legislature - full Commission discussion.

3:30- 4:00

- Review work and decisions from the day - return to the charge to the Commission
- Public Comments
- Confirm agenda for next meeting

## Driving Directions to Woodbury College Via I-89

Take Exit 8 (Montpelier Exit). Merge onto Memorial Drive. Go approximately one mile to Main Street (Route 12 North). Turn left onto Main Street. Go approximately one-half mile to the roundabout (rotary). Turn left out of the roundabout onto Spring Street, continuing across the bridge (Route 12 North). Turn right on Elm Street (Route 12 North). Go 1.3 miles and see Woodbury College on the left, just past the baseball field. Parking is in front of the building. <http://www.woodbury-college.edu/about/location.html>

Full information available at: [www.Snellingcenter.org/cfed](http://www.Snellingcenter.org/cfed)

## CFED OUTCOMES (based on Act 184)

Each commission's **five year plan** shall identify the long **term goals for Vermont economic development and job retention** in light of the local and global economic climate and for increasing the wellbeing of Vermonters and their communities. The plan shall **identify prioritized criteria by which to evaluate legislative proposals for economic development programs** in the coming five years which will best serve the goals of the five year plan.

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

The plan shall also consider: (questions that need to be addressed directly)

(1) The cost effectiveness of targeted business incentive grants and non-monetary business aid such as permit and regulatory assistance or other assistance and increased development of infrastructure.

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

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

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

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

(6) The advantages and disadvantages of privatizing all or a portion of economic development functions of the state.

# Methods and Perspectives

In fulfilling its economic development planning responsibilities, the commission shall:

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

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

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

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

# CFED MONTHLY MEETING

August 13, 2007 9am - 4:30pm

- Main Street Landing, Burlington, College and Lake Streets -

Attending: Bill Botzow, Hinda Miller, Mary Lintermann, Dawn Terrill, Carl Spangler,  
Mary Niebling, Will Patten, Barbara Grimes, Dan Kurzman, Kevin Dorn  
Absent: Fred Kenney, Staige Davis, Hope Crifo, David Mount

## CFED Business Meeting

At 9:30am the chair opened the meeting and welcomed the commissioners and guests.

*The meeting was taped by ORCA Media and copies were distributed to the Cable Access Channels across the state.*

The Minutes from July 18, 2007 were reviewed and approved as presented. (moved by Hinda Miller, and second by Mary Linterman)

- Review of follow-up notes on the Creative Economy Glenn McRae, Snelling Center
  - Notes and responses from various members where sent out as part of the board packet
  - Need to define the questions we have; how to develop this so it informs the process.
  - How do we draw the line between the Creative Economy and attracting, retaining and growing businesses?
  - What are the research questions that arise out of these discussions?
  - Coming up with a working definition.

This is to be taken up at September 10<sup>th</sup> meeting as part of moving ahead.
- Organizational Review Glenn McRae, Charlie Smith, Snelling Center
  - CFED web page is not hosted on the Snelling Center Web site:  
[www.snellingcenter.org/cfed](http://www.snellingcenter.org/cfed)
  - ACCD still hosts a cover page for CFED that links to the Snelling Center pages
  - Future conversation on what role we want the web site to play.
  - Drafts of how the Commission may move forward – the business of the commission and a public engagement process – review for basis of conversation for September 10<sup>th</sup>.
  - Need to schedule sets of meetings (to be conducted by email)
  - Chose to meet full days once a month.
  - In September we need to catch everyone up on previous discussions. No invited guests.
  - Recommendation by Kevin Dorn to use the current VEPC strategic plan as a framework. What is relevant, what is not, what needs to be added. Kevin will provide along with summary of DED operational plan as discussion basis for September 10<sup>th</sup>.
  - For September 10<sup>th</sup> – Need background on what the Commission has heard to date.
  - Keep goal in mind that the legislation focuses the Commission's work on advising the legislature and building tools to help prioritize and evaluate legislative proposals for economic development.
- Vision/Strategic Statements Survey –  
This is a building block for September 10<sup>th</sup>.
- September 10 meeting

- The focus is to be on the future processes of the Commission as noted under the Organizational Review..
- Use the survey of members and the current VEPC strategic plan as the building blocks.
- September Letter Report to legislature  
This will be an outcome of the September 10<sup>th</sup> meeting.

## **Forum on Environmental and Energy Product and Service Companies**

To explore:

- The comparative advantage of Vermont in regard to these industries
- The branding of Vermont (or not) in regard to green businesses
- The specific needs and opportunities of businesses operating in Vermont
- The infrastructure to support further growth of existing and new businesses

### **Environmental and Energy Product and Service Companies**

**-background on each presenter is provided after the overview of the day.**

**-parts of their presentations and notes that they provided after the meeting follow as an attachment**

1030-12:00 - Panel 1 (SEE ATTACHED NOTES)

- David Blittersdorf, Earth Turbines (Hinesburg)
  - manufactures small wind turbines
- Scott Gordon, Green Technologies (Winooski)
  - commercial scale bio-diesel manufacturer
- Alan Cummings, Seldon Technologies (Windsor)
  - nanotechnology company - water purification
- AJ Rossman, Draker Solar Design (Burlington)
  - renewable energy system monitoring

12:00-12:15 - Melinda Moulton, Main Street Landing, LEED certification and Business  
(SEE ATTACHED NOTES)

12:15-1:00 - Lunch and general discussion

1:00 - 2:45 - Panel II (SEE ATTACHED NOTES)

- Chris Stone, Stone Environmental (Montpelier)
  - Environmental engineering and consulting services
- Jeff Wolfe, groSolar (White River Jct.)
  - one of the largest solar energy companies in North America
- David Hazelett, Hazelett Strip Casting (Colchester)
  - Manufacturer of energy efficient twin-belt continuous casting machines for the world's metals industries

3:00 - 4:00 - Discussion and Responses from (SEE ATTACHED NOTES)

- Fran Carr, UVM Vice President of Research and Graduate Studies
- Domenico Grasso, UVM, Dean & Professor of Engineering, College of  
Engineering and Mathematical Sciences

### **Brainstorming of Themes by Commissioners as a response to presentations:**

- Is Rural a theme?
- We understand that federal R&D funds will diminish
- Seed capital funds are needed for start-ups, but need to be par of larger funds to be sustainable
- Scientists and engineers can be entrepreneurs; R&D can equate jobs
- Green collar is a new perspective to think about work
- Profit is essential for growth
- Need a good sector for focus and this is a good sector
- We can see a lot of common themes in a varied group of businesses
- Vermont brand was not as important in this sector as in other sectors
- Link between technology and creativity
- Vermont sustains a vibrant economy encouraging creativity and innovation – to continue this we need to continue to value quality, integrity and trust as business values to promote
- Still need a one stop shop for new and emerging businesses (combine finance, business skills, training, networking)
- Vermont Environmental Consortium is a good investment
- Business issues have common themes across sectors
- Capital needs – always needed –more innovative ways to organize and support its availability; can combine with technical assistance
- Infrastructure needs constant attention
- Businesses in this field often have no real reason to be here, they could be successful anywhere – but they choose to be here for other connections to the state than the business environment. Those qualities are key.

4:00- 4:30 - Public Comments

#### **- Janice St. Onge, Vermont Sustainable Jobs Fund**

- need technical assistance as well as capital – programs need to be linked
- need more opportunity for mentoring – business to business
- peer networking for CEOs has demonstrated value in growing companies
- education for entrepreneurs – need to be adaptable as there are different types of entrepreneurs
- building markets – what can the state do?

#### **- David Bradbury, Vermont Center for Emerging Technologies**

Key issues for success

- Teams: How to build the right team to launch successful ventures
- Time to Market: How do we get government out of the way or make it more responsive as needed: local zoning, state permits, etc.  
How do we expand access to capital, what can the state do to increase this
- Time to Capital: How long does it take to raise sufficient capital to actualize a business idea

**ATTACHMENTS**

COMMENTS

David Blittersdorf, Earth Turbines (Hinesburg) ..... 5

Scott Gordon, Green Technologies (Winooski) ..... 5

AJ Rossman, Draker Solar Design (Burlington) ..... 6

Alan Cummings, Seldon Technologies (Windsor) ..... 7

Chris Stone, Stone Environmental (Montpelier) ..... 8

Jeff Wolfe, groSolar (White River Jct.) ..... 8

David Hazelett, Hazelett Strip Casting (Colchester) ..... 9

Fran Carr, UVM Vice President of Research and Graduate Studies ..... 10

Domenico Grasso, UVM, Dean & Professor of Engineering,  
College of Engineering and Mathematical Sciences .....10

Melinda Moulton, Main Street Landing, LEED certification and Business .....11

Additional Materials provided by Domenico Grasso as a follow-up .....12

**Background on Presenters ..... 19**

## **PRESENTATIONS**

### **David Blittersdorf, Earth Turbines/NRG (Hinesburg)**

Why are we here?

- born and raised in Vermont
- quality of life
- UVM grad
- able to grow a worldwide business
- creative, non-conventional business models find encouraging environment

Vermont Assets

- Small size- businesses and individuals can make a positive impact on state policy
- close to transportation Hubs (Port of Montreal is especially important for export)
- good workforce
- quality of life
- Efficiency Vermont – great model
- Vermont Solar-wind Rebate program – model of how effective a simple straight-forward program can work and make a difference
- Partnerships growing with VTC and UVM on workforce development

Vermont Barriers

- lack of state leadership support for renewable energy
- poor understanding of the energy problem
- state economic development incentives are not designed well; tax credits linked to conditions that businesses cannot honestly respond to
- Old codes and regulations in place (e.g., building codes) that need to be updated to encourage and take advantage of new technologies and approaches.

State Support Needed:

- Policy leadership for renewable energy- (See Pennsylvania as an example)
- Incentives, equally available to all businesses – an even playing field to access
- Support Vermont businesses first
- Encourage niche leaders
- Business-State-University collaboration for workforce development and R&D

### **Scott Gordon, Green Technologies (Winooski)**

NEED TO BUILD A "GREEN COLLAR" SECTOR:

**GREEN COLLAR:**

- Overlaps with white & blue collar (e.g. organic farming, green manufacturing, green engineering, green R&D, green business)
- Encompasses pollution prevention & remediation (despite inherent split in perspectives)
- Inherently based on green products & processes
- Intrinsically cost competitive (NOT fundamentally dependent on premiums)
- Capitalizes on green economies (e.g. local, waste utilization, innovation)
- Litmus Test: Preserves equity of future generations.

The green collar sector is real, it creates jobs, and it is a very important part of what VT should strive to become - a leader in Green Technologies.

**FINANCING** For my business we are desperately in need of a way to refinance our debt. For most small businesses the choice between venture capital and a loan mechanism is largely irrelevant: because a startup business cannot generally qualify for either of those funding mechanisms. Once a business starts to gain some traction, usually the high interest startup funding (typically defaulted credit cards) kicks in and kills the business immediately or pushes breakeven so far back that only a select few can wait out the growth cycle long enough to succeed. The state could increase the amount of business activity in the state substantially by identifying and promoting a mechanism for affordable seed funding, basically a state guaranteed loan program. Since I am currently paying over 30% in interest, such a program would be highly attractive at the 15% interest level, a high enough rate of return to help alleviate the states risk. Of course to be helpful at all, the interest rate needs to be fixed, and the repayment terms highly flexible - otherwise it just becomes another burden.

As a side note - VEDA is hopeless, because VEDA in my experience only loans against guaranteed capital - businesses with guaranteed capital can qualify for loan funding from a bank or attract other investment mechanisms.

**INFORMATION AND NETWORKING** Within the green sector in VT there is no clearing-house of green information. Although there are a variety of associations e.g. REV, VEC, VBA, VSJF, sustainable business network and many others - that is precisely the problem, there are a great number of individual organizations. What is needed is quite simple - a green B to B - a centralized resource, WITH STRINGENT GREEN STANDARDS FOR ENTRY, that identifies all of the green business activity in the state and starts leveraging that resource through collaboration and through localized buying to jumpstart the sector.

The green collar sector is real, it creates jobs, and it is a very important part of what VT should strive to become - a leader in Green Technologies.

**UNIVERSITY PARTNERSHIP** for R&D, for workforce development, for creative support of students; to develop small grants to encouraging joint work, financing to encourage start ups (doesn't take a lot of money).

## **AJ Rossman, Draker Solar Design (Burlington)**

### **ASSETS**

- People and social networks
- Best qualified workforce being found in Vermont (best results through Front Porch Forum, ONE)
- Cluster of renewable energy companies (one benefit has been the ability to absorb skilled labor from a business that was bought out and moved out of state – lots of good people who want to stay in VT)
- VT Global Trade Partnership – good networking with other businesses trying to sell outside of Vermont
- Vermont Community Loan Fund, Chittenden Socially Responsible Banking Fund both provided essential loans for building the business – understood and valued our business.
- Great secondary ed, vocational education, and colleges, especially Champlain College

### **BARRIERS**

- Seed Capital is almost impossible to find in the state

- Need better access to equity capital who believe in green energy
- Difficulty of accessing UVM research and design capacity
- Local regs and zoning (e.g., not able to put up PV panels on their building), makes it difficult to operate the business in a way consistent with their product and image.

#### WHAT CAN THE STATE DO:

- Need better training for the renewable energy workforce (VTC is good at the technician level) but we also need research engineers
- More business support – running a business, marketing

#### VERMONT

- I believe it is a great state to do business in – lots of creative people and energy
  - People ask me why we don't move to California where so much of the cutting edge activity is; or Wisconsin, where they are actively recruiting companies like ours, and have great state resources to support companies like ours.
- My answer is simply I love living here, as do our other workers. This is often in spite of the lack of the many resources offered elsewhere at the state and university level.

### **Alan Cummings, Seldon Technologies (Windsor)**

#### WHY IN VERMONT

- We lived here; we want the lifestyle it affords
- Had a great association with Dartmouth College
- We needed inexpensive space to get started – biggest start-up challenge; Found it in the old Cone-Blanchard building in downtown Windsor. Key to a successful start-up
- Have started up Windsor technology park a few years later to try and attract synergistic businesses
- We can get skilled labor (connection to Dartmouth College) – PhDs
- Support for Congressional Delegation key

#### BARRIERS TO GROWTH

- State funding not appropriate for a start-up. VEDA was not available to us in early stages- need a positive cash flow; even now what we need to do to secure VEDA financing makes it of questionable value. Start-up capital is essential, and more sources need to be made available.
- Corporate laws need to change. Vermont corporate laws should model themselves on Delaware. Hard to raise capital / find investors as a Vermont corporation.
- Tax structure penalizes the successful entrepreneur – when you are successful the tax code penalizes you
- Web access
- Competitive energy prices
- health care costs
- Air travel – access to for southern Vermont

#### WHAT CAN THE STATE DO

- Address the barriers (above)
- Foster and support entrepreneurs; starting with Vermont companies – don't go shopping out of state
- Lot's of capacity to generate a host of new and high tech businesses from the resources (e.g., Dartmouth, UVM) at hand – focus on making the transition from idea to business.
- Focus on green technologies and businesses
- Small businesses will generate jobs and opportunities

- Create industry – university clusters around the green tech ideas, and use R&D to focus energy around these clusters
- Create an even playing field to access start-up and growth funding
- Put money into R&D – small grants to develop new ideas
- Sustain the infrastructure (e.g., roads)
- Facilitate new sources of capital – central source to assist entrepreneurs to shop for capital from multiple sources
- Improve the brownfield redevelopment program; can be a great asset if handled properly

## **Chris Stone, Stone Environmental (Montpelier)**

Able to run a national / international environmental consulting firm from Vermont  
Have a specific set of niches.

### WHY IN VERMONT

- Went to school in Vermont, wife is from Vermont, ski in Vermont.
- Decided to stay in Vermont and build a business that works here
- People who work for us, want to be in Vermont – strong incentive

### VERMONT ASSETS

- Lifestyle is number one.
- Most employees are working for us because they want to be in Vermont. Not always the best career choice as there are better opportunities in Boston, New York, California, but those places are not Vermont. But we can provide good challenging work – that is critical too.
- Burlington Airport – good access
- Broadband – at least in Montpelier – great asset;

### BARRIERS

- for some Vermont is not attractive, and so makes recruiting more challenging.
- Burlington air port and air flight in general is becoming problematic
- Broadband does not reach out – problem for employees to telecommute from their homes outside Montpelier

-

### WHAT CAN THE STATE DO

- Continue to improve the infrastructure (Broadband, airport- more airlines like SW)
- capital for service companies like ourselves
- health care insurance costs need to be controlled

## **Jeff Wolfe, groSolar (White River Jct.)**

### VERMONT ASSETS:

- Beautiful place to live
- Good workforce, although tight
- Inexpensive rent, (although not compared to some areas, we're in a national market)
- Good schools, low crime, peace
- “Good place to raise a family”

## BARRIERS:

Nice place to live...but

- Expensive airport, few transport options
- Complete lack of understanding of need or requirements to build renewable industries
- Little to negative state support...changing?
- High workers' comp.
- Broadband? Need much fuller coverage.

### **VT got us by being beautiful, will she keep us?**

- We do little business (sales) actually in Vermont so the reason for us being here has to be linked to other issues and a minimum of barriers to growing and doing well.

What does not bother us:

--"High" electric & fuel costs ("we generate our own")

What does bother us:

- Lack of long-term vision by government  
(healthcare, energy, environment)
- Over-reliance on property tax
- Lack of comprehension of global warming

## WHAT DO WE NEED:

- H.520 – and more – Vermont needs to show that it values what we do.
- Universal Healthcare
- VEDA / VEPC support beyond manufacturing

## **David Hazelett, Hazelett Strip Casting (Colchester)**

### ASSETS

3<sup>rd</sup> generation company in Vermont – Our family wants to be here  
Research, engineering, design and manufacturing for a global market.  
Produce machinery. In its field it is highly energy efficient.  
Success of the business is based on its ability to innovate and evolve.  
Good workforce.  
Quality of life.

### BARRIERS

- Transportation infrastructure. For us, the Circ Highway is critical. We may have to move our facility.
- Telecommunications and mobile phone service – needs to be even.
- beginning to see shortage of skilled machinists and other skilled workers.
- we don't have entry level jobs. We need workers with established skills.  
In the work of manufacturing for us we need workers with high level skills from the start
- Environment is not conducive to making quick changes/modifications to facility to accommodate changes in needs of a process to meet a demand. Codes and regulations generally preclude being responsive in this area.
- healthcare cost shift

## WHAT CAN THE STATE DO

- Improve math and science education at elementary and middle schools

If we don't build the interest early we will not raise the next generation of engineers and scientists that are needed

- For our business we need the Circ Highway completed in Colchester to thrive.

- Bring the response time down to reduce time for being able to make facility modifications

## **Fran Carr, UVM Vice President of Research and Graduate Studies**

New emphasis at the university on research and economic development.

The research enterprise has been growing, still heavily at the Med School, but now also growing in engineering and environment and spreading to other areas.

Growing interest on the part of faculty.

New Office of Technology Transfer to take ideas from UVM to market

Partnership/association with Vermont Center for Emerging Technologies (VCET) as an incubator.

While incubators can be great to help new businesses, what about getting the "Idea" to a business start-up. UVM just began a grants program for UVM faculty, staff and students, UVM Ventures, to help stimulate that and leverage federal grants.

Small grants (Pre-seed) for prototype development; first stage of a business plan development

Innovation Fund - \$100,000 early stage funding for business launch, or further tech development to accelerate partnerships.

Growing the internship program at undergrad and graduate programs to create partnerships and link research and application.

Themes from the day:

1. Strategic university – business consortiums built around some kind of common interest cluster (sustainable systems, energy, environmental) – Research is built to support the cluster as a whole. Faculty and students participate and contribute. Can we create a discussion of how to build a cluster model? Typically these groups come together to discuss common research needs and interests – look for points of collaboration. Funded by a consortium – businesses, state, federal, university. Some models already present, UVM Ventures, Ag Innovations.
2. Scalability – how do we leverage what we have in Vermont. Can't pick winners as individual businesses, but can look to focus on sub-sector and bring contributions from many places to bear on this. Get a focus to have higher ed organize around it.

## **Domenico Grasso, UVM, Dean & Professor of Engineering, College of Engineering and Mathematical Sciences**

Senior Design Clinic: Link students and faculty with local business and problem solving.

Internships: Placing more engineering students in businesses

Additional notes attached later.

## **Melinda Moulton, Main Street Landing, LEED certification and Business**

Vermont's economic development organically grew and continues to grow from it's transportation network. In the 1800's it was by water and rail. Imagine Vermont with a seamless rail/bus system connecting our growth centers and moving people and goods throughout the State. When the price of gas reaches a level most average people cannot afford, we will see a tremendous downturn in our economic vitality. With global warming and the reduction of our assets such as maple sugaring, foliage, winter sports, etc. the impact on our economy will be seriously challenged.

I would like to see some visioning for the Future of Economic Development include "Transportation". Also a portion of focus on planning and developing protections for those things that keep our economic engine churning - tourism being a mighty powerful piston. Preparing the State for unquestionable environmental climate change will be key to sustaining ourselves economically through the next Century and beyond.

Energy/Transportation/Environment.....three areas the State should be focusing on as they plan for the future economic growth and sustainability of Vermont.

I used to say years ago - what a boom for Vermont if we could say to the rest of the World - we are the only state in the Union without a Wall-Mart.....how outstanding we would be and how special that would make us. To be outstanding - we need to cut through the mainstream thinking of economic development. I believe your group has the participants at the table to make that happen!!

## Additional follow-up comments from DOMENICO GRASSO

**From:** Domenico Grasso [mailto:dgrasso@uvm.edu]

**Sent:** Thursday, August 16, 2007 3:05 PM

**To:** Glenn McRae

**Subject:** Re: CFED - thanks

Dear Glenn,

Thank you very much for the summary email and invitation to stay involved. I would very much like to remain involved especially because my Engineering and the Environment Advisory Committee (EEAC) appears to have multiple points of intersection with and similar goals as your Commission. I will take the summary notes from your meeting to our next EEAC meeting.

I don't know if you saw the recent article in the NYT on economic development based on intellectual capital. I will forward you a copy. This approach holds a great deal of promise for Vermont, once we solve our connectivity challenges. You might think about forwarding this article to the Commission. I have give this concept a great deal of thought and would be happy to discussion further if you wish.

Best wishes,

Dom

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## Shouldering high ambitions

### Domenico Grasso, dean of UVM's College of Engineering and the Mathematical Sciences

By Tim Johnson, Free Press Staff Writer, July 30, 2007

When Gov. Jim Douglas set out his vision for the state's economic future in his inaugural address this year, he vowed to promote "the growing field of environmental engineering" as "Vermont's next captive industry."

When administrators at the University of Vermont discuss ways to position UVM as a "green university" on the vanguard of environmental research and job creation, environmental engineering is central to their vision, too.

It stands to reason that one man who finds himself shouldering these ambitions -- Domenico Grasso, dean of UVM's College of Engineering and the Mathematical Sciences -- is an environmental engineer himself.

Grasso, 51, assumed the dean's position in January 2005 with hopes of invigorating the engineering program. He wanted to enhance students' exposure to non-technical liberal arts courses and to recruit young faculty members whose intellectual and research interests transcended traditional disciplinary boundaries.

"Industry wants engineers who are flexible and can move easily from problem to problem -- this is what the global economy demands," said Joseph J. Helble, dean of engineering at Dartmouth College, who has known Grasso for years and who supports the effort to produce engineering graduates who are interdisciplinary thinkers. "The programs he is helping develop at UVM will produce exactly this kind of engineer."

As for the goal of invigorating the state's economy, efforts to promote environmental engineering as a dynamic new Vermont growth industry that generates high-paying jobs and attracts skilled professionals - depend heavily on UVM's role as a research university. Not surprisingly, when Douglas established the Vermont Environmental Engineering Advisory Council in April and assigned it the objective "to establish the State as a global center of excellence for the study and application of environmental engineering and related disciplines necessary to solve environmental problems worldwide," he named Grasso chairman.

Starting from scratch

Grasso's parents were Italian immigrants. His father was a machinist and his mother, a seamstress. Grasso and his younger brother, Alfred, were the first generation in their family to go to college. There was never any question, as they grew up in Shrewsbury, Mass., that they would do that, Grasso said.

"I had no choice," he recalled, smiling. "My father told me engineering was the way to be successful."

He and Alfred wound up becoming engineers. He went to Worcester Polytechnic for his undergraduate work, Purdue for his master's degree and to the University of Michigan for a Ph.D. in environmental engineering. His doctoral thesis was on the use of ozone to disinfect water -- an alternative popular in France but not in the United States, where chlorine is preferred.

In 1989, he joined the engineering faculty at the University of Connecticut as an assistant professor and where he eventually rose to chairman of the department of civil and environmental engineering. In 2000, he was offered another opportunity -- an unusual challenge: establishing an engineering program from scratch at a women's college.

He was well aware that, in general, women had little interest in engineering.

"Only 1 percent of college graduates are women who have studied engineering," he wrote in an article, "Engineering and the Human Spirit," published in 2004. "Only 20 percent of all undergraduate engineering majors are women. And only 6 percent of engineering professors are women."

The school he moved to was Smith College in Northampton, Mass. A generation earlier, a civil engineer named Samuel C. Florman had tried to spark some interest in engineering on campus, but to no avail. One difference when Grasso arrived was that the college president, Ruth Simmons -- the person who recruited him -- was staunchly behind the idea of starting up an engineering the program.

"By the time I left in 2005," Grasso said, "engineering was the third most popular major." Engineering consistently ranks among the top five majors at Smith, a college spokeswoman said.

Engineering has more than held its own at UVM over the last decade. The fortunes of the College of Engineering reached a low in 1991, when a Strategic Planning Council report recommended doing away with it. The faculty resisted, however. In the last decade, engineering has made something of a comeback. From 1997 to 2006, undergraduate enrollment in engineering increased 27 percent, compared with 20 percent for undergraduates altogether in general.

Getting there

In seeking to strengthen Vermont's environmental-enterprise sector, Grasso apparently is undaunted by the small size of UVM and the state it serves.

"For the state to develop a robust environmental economy, we must not restrict the extent of our efforts to Vermont, but must be poised to address present and emerging concerns regionally, nationally and globally," he wrote in a recent e-mail. "It is only natural that one would expect resources to support such an endeavor to include world-class expertise and facilities."

UVM President Dan Fogel's commitment to making UVM a "pre-eminent environmental university will ensure that we can be competitive with the best universities in the world," Grasso said.

UVM is already moving in that direction, he said, citing such examples as the engineering school's Design Clinic, where seniors work with local firms to help solve some of their engineering problems; the Vermont Advanced Computing Center, which addresses sophisticated computational needs; the Vermont Center for Emerging Technologies and UVM Ventures, both designed to bring creative ideas to the marketplace; and the National University Transportation Center, which focuses on environmental problems related to transportation.

"There is also a significant effort to encourage an entrepreneurial attitude on campus," Grasso said, "which will hopefully 'spin off' companies from these research labs."

He also cited a conference at UVM this summer on complex systems -- the College of Engineering's central research thrust -- that "attracted world class scholars from U.K. Italy, Austria and France."

All this is congruent with his ambition that UVM become "a beacon for international activities."

"This will not happen overnight," he said, "but if we build it well, they will come."

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The New York Times August 13, 2007

# Off to Resorts, and Carrying Their Careers

By [JOHN LELAND](#)

STEAMBOAT SPRINGS, Colo. — Time was you could tell the urban refugees in places like this: corporate achievers who quit the rat race to open a bed and breakfast or a candle shoppe.

Jim Moylan represents a new tribe in this bucolic mountain town, named for its loud sulfur spring. Mr. Moylan, 59, is a lawyer who specializes in securities and commodities work. When he moved from Chicago in 2003, he did not downscale his career for the small town, keeping his secretary and associates in Chicago and his clients around the country. He conducts his practice by fax and e-mail, just as he did in Chicago.

In Steamboat Springs, Mr. Moylan dug into local affairs, joining three city committees, the Rotary Club, his church finance council and the editorial board of the daily newspaper. “I just wanted to get involved in the community,” Mr. Moylan said, sitting in a bookstore/wine bar off the town’s main street.

As technology enables people to live and work wherever they want, increasingly they are clustering in resort playgrounds like Steamboat Springs (pop. 9,315) that have natural amenities, good weather — and, now, lots of people like themselves.

In places like Nantucket, the Upper Peninsula of Michigan and Teton County, Idaho, the migrants are creating hybrid communities, implanting urban incomes, tastes, careers, ambitions, restaurants, cultural activities and networking opportunities into small towns that until recently could support none of these, and for which there has been little planning and still no consensus.

“You are seeing a transformation of rural communities,” said Jonathan Schechter, executive director of the Charture Institute in Jackson, Wyo., a nonprofit organization that studies small recreational towns.

Into quiet resort spots the migrants have come, laptops on their knees: fund managers from New York, software developers from California, consultants, proofreaders, engineers, inventors. “The same processes that led to the suburbanization of the United States after World War II,” Mr. Schechter said, “are now producing a virtual suburbanization in places like Jackson or Steamboat Springs.”

From 2000 to 2006, population in the 297 counties rated highest in natural amenities by the [United States Department of Agriculture](#) grew by 7.1 percent, 10 times the rate for the 1,090 rural counties with below-average amenities, the department reported.

In towns that once emptied after the ski season or the beach season, these “location-neutral” migrants are complicating the traditional dynamic between tourists and locals. Here as elsewhere, average homes have become unaffordable for teachers, firefighters and others — the people who created the good schools and community closeness that newcomers said drew them. The rate of change “is causing a whiplash,” Mr. Schechter said, “because the towns don’t have the political and economic systems in place to deal with them.”

Routt County, which includes Steamboat Springs, is one of the first places to identify these new émigrés as a source of economic growth and, paradoxically, community stability. A 2005 survey found that as many as 1 in 10 year-round households was involved in a location-neutral business. Unlike retirees and second-home buyers, who are also roosting in vacation towns, they send children to the local schools. “Without kids, you don’t have a community,” said Scott Ford, a counselor at the Small Business Resource Center at Colorado Mountain College.

Cloistered in home offices, isolated from the local economy, location-neutrals are often invisible even to one another, except when they appear on local committees.

Many work as hard as their urban counterparts, often juggling commitments in several time zones, but can step from their offices to a hiking trail or mountain stream.

In Steamboat Springs, a pawn shop and loan store amid the expensive restaurants on the main drag illustrates the growing inequality in a region that produces few middle-income jobs. Each day 1,500 workers commute to Routt County from neighboring Moffat County, an hour away. Meanwhile, the airport, once filled with tourists, caters to people in business suits.

“You’ve seen changes in politics,” said Carl Steidtmann, the chief economist for Deloitte Research, who moved from Brooklyn two years ago. “The county tipped Democratic in the last election. You see the tension in the City Council. It went from being pro-business-and-development to more conservationist.” He added, “Twelve years ago, not everyone you met had a Ph.D. or was from New York. There are still a lot of locals here, but that aspect is changing.”

Peter Parsons, 45, who runs a microchip design company in Boulder, Colo., a city of 92,000 about three hours away, moved here five years ago to raise his three children in a small-town environment, keeping the company in Boulder. “It’s a real town,” Mr. Parsons said of the appeal of Steamboat Springs. “If your kids are running around, adults will see them and call you.”

He has kept a Boulder telephone number and does little to remind clients he is not in the city. “I wouldn’t have been able to come here with my family if it meant opening a coffee shop,” he said.

To combat isolation, he volunteered at the school and at church, and briefly moved from his home office into a town-run business incubator “in order to meet people,” he said. Now his office overlooks the ski slopes and is a short walk from a fly-fishing spot; computers vie for desk space with hand-tied flies. He still has to persuade associates that he has not slowed down or retired.

“We have big discussions about what it means to be a local,” Mr. Parsons said of his fellow location-neutrals. “Some people snub anybody who hasn’t been here a long time. And some people think they know everything when they haven’t been here long.”

The Routt County Economic Development Cooperative has embraced the new tribe as an asset, especially to an area with no strong industry other than tourism. Location-neutrals tend to volunteer heavily in civic organizations and local government. County interviews with 61 location-neutral businesses found they held 120 volunteer positions.

But their enthusiasm has not always rubbed long-timers the right way, Mr. Ford said. “If they haven’t bonded with the community,” he said, “they begin with the ‘You people’ speeches: ‘What you people don’t understand is...’ When they start that, it’s almost impossible.” Sometimes disputes spill out in the local newspaper or its blogs, where old-timers and newcomers point fingers.

Thomas Miller-Freutel, a partner in a directory-assistance startup, knows this chasm firsthand. Though he has lived here since 1990, first as owner of the Steamboat Inn, he sometimes struggles to balance his fast-paced work life with the small-town community.

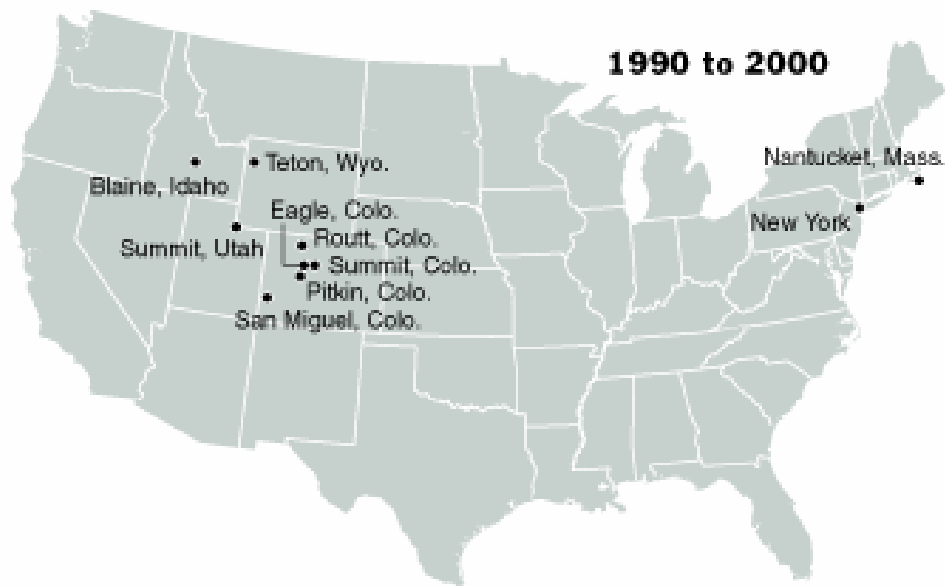
“I have to switch gears from what I was doing in other parts of the world to sit down and be productive as a community member,” he said. “You have to be careful not to say, ‘Look, I deal with people all over the world and this is how it’s done.’ You have to change gears in a small town.”

For Bill and Stephanie Faunce, who run a marketing company for cable operators, small-town life often means starting work at 7 a.m. and quitting at 11 p.m., but with breaks to hike, ski or be with their two young children. Their goal in coming here was not to slow down but to eliminate urban distractions and pressures.

“There are no stressors here,” said Mr. Faunce, 43. “In L.A., it took 90 minutes to get to the office, so we had a Mercedes and a Land Rover. Now we drive a Suburban. In three years we’ve put 15,000 miles on it.”

# The New Urban Refugees

The 10 counties with the greatest increase in the median value of homes, according to an analysis of Census Bureau data.



Source: *The Charture Institute*

## **Environmental and Energy Product and Service Companies Presenting 8-13**

### **Earth Turbines (David Blittersdorf)**

Hinesburg, VT

<http://www.earthturbines.com>

We are a new manufacturing company formed expressly to bring innovative technology to the world of home wind power. Wind power is a viable option for many, many homeowners. We are bringing our expertise to the field to make wind power even more practical for residences in Vermont and across the country. Our dream is to make wind turbines as commonplace in America as high-efficiency home furnaces.

### **Green Technologies, LLC (Scott Gordon)**

Winooski, VT

[www.greentechvt.com](http://www.greentechvt.com)

The only commercial-scale producer of biodiesel in the state of Vermont. Green Technologies is located in Winooski, Vermont. Our main product is currently [biodiesel](#)- a cleaner-burning and non-toxic alternative to diesel fuel and #2 heating oil. We are strong advocates for "micro-biodiesel" production, similar to what occurs in the beer industry.

### **Draker Solar Design, LLC (AJ Rossman)**

Burlington, VT

[www.drakersolar.com](http://www.drakersolar.com)

Draker SolarDesign offers complete performance monitoring solutions that are ready to go "out of the box" and easy to install. Our systems fill the need of the renewable energy industry for cost-effective, reliable data collection with accurate measurement and automated data management of critical renewable energy system information. Draker's VER·TECH line of performance monitoring products deliver real-time and historical data that is continuously archived. Performance and natural resource information is intelligently processed and presented in easy to use graphic visualizations for local and web-based viewing. Accurate, reliable data is a fundamental component of power system performance optimization.

### **Seldon Laboratories, LLC (Alan Cummings)**

Windsor, Vermont

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

Seldon was started in January 2003 in Woodstock by founders Christopher Cooper and Alan Cummings who lived in the Upper Valley area of Vermont. The company was founded in order to develop commercial applications for the nanotechnology breakthroughs discovered by Mr. Cooper. Later in 2003 the company moved to the former Cone-Blanchard building in Windsor where nearly 220,000 square feet was unused other than for storage. Funded largely by research and development contracts from the US Government (USAF and NASA), Seldon has developed a material that purifies air, fuel, and water far more efficiently than other technologies. In a strategic partnership with one of the world's largest filtration companies, Seldon is rapidly scaling up production of the material and expects to be selling water purification products later in 2007.

### **groSolar (Jeff Wolfe)**

White River Junction, VT

[www.grosolar.com](http://www.grosolar.com)

groSolar, the leader in solar energy systems. groSolar is dedicated to energy independence and the reversal of global warming. A leading distributor of sustainable, green energy products and services, we deliver and install solar power systems for residential and commercial customers.

groSolar and set about “installing as much solar as fast as we could,” says Jeff. Today, the company is among the largest solar energy companies in North America, with offices throughout the northeast and in Colorado and western and eastern Canada.

**Hazelett Strip-Casting Corporation (David Hazelett)**

Colchester, VT 6

[www.hazelett.com](http://www.hazelett.com)

Hazelett Strip-Casting Corporation designs, manufactures, installs, and services twin-belt continuous casting machines for the world's metals industries. One of the major selling point for the machines, especially on the international market, is that they are extremely energy efficient.

**Stone Environmental, Inc. (Chris Stone)**

Montpelier, VT

[www.stone-env.com](http://www.stone-env.com)

Stone Environmental, Inc. was founded in 1992 and quickly established itself as one of the top US firms evaluating the environmental effects of agrochemical use. Since then, we have expanded to a 26-person multidisciplinary team with expertise in a wide range of scientific disciplines. Our scientists are organized into five distinct groups that share a common theme: water quality. Stone is based in Montpelier, Vermont, a New England state admired for its quality of life and strong environmental values. Because we're in such a desirable location, we have been able to recruit some of the country's best scientists and professionals.

**RESPONDENTS**

- **Fran Carr**, UVM Vice President of Research and Graduate Studies
- **Paul Hale**, Executive Director of the Vermont Technology Council, and Associate Vice President for Research and Economic Development at the UVM

**GUEST Melinda Moulton** (along with her partner Lisa Steele) are Sustainable Redevelopers of the Main Street Landing property on the Burlington Waterfront. They have been involved in environmental and socially conscious redevelopment since the early 1980's. Together they created the innovative "team approach to design, development, permitting, and construction" philosophy, and produced in concept a 25-year incremental redevelopment project for the Burlington Waterfront. Main Street Landing is predicated to creating beautiful buildings that are healthy, safe, and comfortable. They have completed over 250,000 square feet of new and renovated space, which includes the Union Station, CornerStone, Wing, and Lake & College Buildings.

Melinda Louise Moulton, CEO/Redeveloper

Main Street Landing

Burlington, Vermont 05401

[www.mainstreetlanding.com](http://www.mainstreetlanding.com)

## Commission on the Future of Economic Development

### Summary of substantive comments and notes, and listing of invited presenters from minutes on economic development themes (compiled 8-07 gm)

**October 24, 2006**

#### **VEPC 10 year plan**

Fred Kenney, Executive Director of the Vermont Economic Development Council, said VEPC had started to develop a 10-year plan for economic development and Senator Miller suggested the Commission look at what Fred had accomplished thus far as a starting point.

Chairman Goodrich asked Fred if he had planning data for the “next phase” regarding economic development. Fred answered that he did have this, along with regional efforts and a data base of all people involved. This will provide a basis for a consultant to go forward. Denise will e-mail documents to Commission members. Mary Lintermann suggested this is good preparation to start a process. Fred interjected that this document gives options for the input process.

Dawn Terrill asked who the “team” was that developed the material. Fred responded that the team consisted of Jeff Carr and Paul Cope.

Mary Niebling asked if it is normal to do updates from previous ten-year plans and Fred responded that it is normal to go over accomplishments but could not do this back to 1996 because the planning program for VEPC has ended.

#### **Current Economic Development Activities**

**Kevin Dorn** next presented a PowerPoint document outlining the spectrum of economic development activities being provided by public, private, and non-profit entities in Vermont.

Mary Niebling had a benchmarking question regarding how many jobs had the Department of Economic Development created? Kevin answered that many partners, like Regional Development Corporations, the Small Business Development Center and the Vermont Manufacturing Extension Center, are working on this. Mary went on to ask how we measure our progress in this area; assistance to businesses, what are we targeting?

Asked how does Vermont measure up in comparison to other states? Mike Quinn, Commissioner of the Department of Economic Development, answered that Vermont falls slightly below median and the measurement is “per capita.” Concerning the total budget for economic development, we fall about 48<sup>th</sup>.

Kevin started a discussion on what is economic development and what is not. He indicated that almost everything impacts on economic development. The Department of Finance and Management is to prepare a Unified Economic Development Budget and that will be an interesting document which will help us in our discussions on where should be invest resources.

Bill Botzow said he wants a successful outcome; a document that is nimble and adjustable. Some questions he feels the Commission should answer are:

1. Who is the target audience?
2. What will success be?
3. What can we build on?
4. Key elements to be successful?

Bill agreed that vision is important and there should be no judgment on the past. We should leave room for unexpected perspectives. Vermont needs a broad infrastructure; housing, cultural life, economic development to name a few important elements.

Hinda Miller wanted the Commission to step out and be bold thinkers. She feels we have a niche in the U.S. and global economy. Hinda agreed that economic development is not so easily defined any more speaking about ecological economics, Genuine Progress Indicator, all kinds of things.

Hope Crifo strongly felt the Commission should do **“visioning”** on Vermont economic opportunity and if you don’t plan, it won’t happen. Her example was high speed internet.

Chairman Goodrich said he hears comments about the Vermont Brand. It resonates. Vermont has been designated as the “smartest state,” lately; is know for its great workforce and quality of jobs. Vermont is a special place because of its environment. Most people recognize you need these things but also good jobs. We need to generate economic development viability.

Senator Miller stated that Vermont is changing and we have to welcome everyone.

Mary Lintermann’s dream is to create a living document to support a vibrant economic Vermont. Public input should be in first-person/education. Dawn echoed that there is a huge gap in educating legislators. All roads lead to economic development. Legislators should be more informed nationally and globally.

Bill Botzow said we need to eventually address external factors such as creating an instrument to get from here to there and to go forward. There will be another group in a few years and how do we transfer our work to them?

Chairman Goodrich suggested concerning external factors that continuity is very important. Also, that globally, Vermont is not all that special and is not an island. We need to provide an interim projection of where we’re trying to go to the legislature.

Mary Niebling felt the Commission needs to use “what does economic development mean to us” in an exercise on getting to know one another with the facilitator. Mary volunteered to draft and agenda to circulate to the Chairman and the rest of the Commissioners.

Hinda suggested that the Commission look outside Vermont and gave an example of an article on Chicago redevelopment that someone sent her. Sam Matthews, an observer, suggested taking a look at the “Ireland Experiment,” as presented by Bruce Lisman to the AIV Board.

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November 16, 2006

# Envisioning Vermont's Economic Development

Paul asked the group to brainstorm points toward a vision of the Commission, and he wrote each point on the easel work sheet. Paul said we'll put up all points anyone gives now; later, the vision will need more refinement, and the group may realize some points may not have full agreement. The group brainstormed the following points:

- Vermont should have first-class telecommunications, in all areas of the state. This should include universal broadband access and everything necessary to stay ahead of the curve.
- Vermont should have an improved transportation infrastructure that includes rail.
- Vermont should be perceived by non-Vermonters as a viable place to do business. The exterior perception of Vermont should improve so as to attract businesses and entrepreneurs.
- The Vermont brand should be strong.
- There should be good-paying jobs available.
- There should be jobs that attract and retain young people.
- There should be career ladders that help people advance in their fields.
- Economic development policies should expand opportunities for everyone, from low-income to prosperous wage-earners.
- The statewide framework that supports the economy should be highly adaptable and nimble.
- Vermont should identify its particular strengths and build on them; determine Vermont's market differential.
- Vermont should concentrate economic development in niche areas, instead of doing general economic development.
- Some niche areas Vermont should focus on include: environmental technologies, renewable energy, agriculture of the future and value-added agriculture.
- Workforce development should prepare Vermont's young people and all workers for the global economy, and for jobs that fit Vermont.
- Vermont should not imagine itself to be an island, but should recognize that it participates in and is influenced by the global economy.
- Vermont jobs should support families so they're prosperous. Vermont should find the jobs that pay well.
- Vermont should recognize that it's in a market-driven economy.
- Vermont should have the health care infrastructure and capability it needs.
- Vermont's economy should be stable. To achieve this, Vermont's economy needs to be adaptable, education-based, and to have a diversity of types of business.
- Vermont should consider using the "genuine progress indicator" developed by the Gund Institute that measures entire quality-of-life as an economic indicator. Vermont could be a leader in use of alternative economic indicators.

- Vermont small businesses should be supported and nurtured better. Policies should recognize the unique needs of small businesses and entrepreneurs.
  - Vermont should consider nurturing a stronger local economy that includes treasured downtowns that depend on local purchasing, and a working landscape.
  - Vermont's regulatory system should provide locations for responsible businesses to be established and grow.
  - Vermont should fast track priority sectors for development
  - There should be sufficient access to conventional and alternative capital to match economic development needs.
  - Vermont should have a tax burden that's competitive with other places.
  - The median wage for Vermonters should equal the median U.S. wage.
  - There should be innovative and practical solutions to housing.
  - Vermont should have a vibrant community life; our quality-of-life should be a selling point.
  - Vermont should use taxation to create the world we want (e.g., tax polluting businesses, un-tax clean businesses).
  - Vermont should find its niche for types of industry and jobs, and capitalize on that.
  - Vermont should have a regulatory system that supports responsible economic development.
  - Vermont should leverage its small amount of resources, especially as the population ages and the pool of workers declines.
  - Vermont should preserve what makes it special – its working landscape and rural heritage. Vermont should not become more suburbanized.
  - Vermont should plan and prepare for future shifts in energy use. Businesses should rely increasingly on renewable energy, and we should ensure low-income wage earners still have access to transportation and jobs.
  - Vermont should develop economic development niches in science, technology, and engineering.
  - Vermont should have the social infrastructure to attract and keep families with children.
  - Vermont's economic development should be well-organized and have links to many areas, including higher education.
  - Vermont should develop synergies with border states and Quebec.
  - Vermont should capitalize and support its strengths in the creative economy and community and downtown revitalization.
  - Vermont should better use its education and hospital networks in economic development, because these are strong for such a rural state.
  - The regulatory process should be more transparent and predictable, especially for our economic development target niches.
  - The Legislature and state administration should agree on a small number of priority target niches for economic development, and focus efforts at all levels on those.
  - There should be a fast track for development for the priority target sectors and niches.
  - Target niches have statewide leadership, and serve the entire state.
-

**December 6, 2006**

**Envisioning Vermont's Economic Development**

(Refer to the draft Vision document)

The Commission worked to develop consensus on as many items as possible.

Vermont Jobs & Quality of Life: (suggested additions, changes)

Under Median wage – should equal at least the median.

❖ Comments: The wages that are paid are often a function of economics. Several members are comfortable with this as a vision. Add something about the Vermont people. Along with the landscape and heritage it should mention the people. There's no comment about availability of jobs – "We should have an economy that offers opportunity to provide employment for its citizens."

Vermont Economy:

❖ Achieve a stable economy, shouldn't we want it to be "vibrant", "dynamic", and "growing". You don't want to build an economy that is subject to wide fluctuation. Combine the two to "vibrant & stable."

❖ Education based – by this do we mean that our economy is based on the educational sector or that there is a full array of educational opportunities from preK – 12 and beyond? We mean that all levels of education are available, including lifelong learning.

❖ Include something about non-profits as partners in this effort. Something should be noted to include all sectors.

❖ There is no reference, other than first line, to competitiveness. The need to be competitive with other states.

Small Businesses & Local Economies:

(No changes Noted)

Target Niches for Economic Development:

❖ As we define what the priority target niches are, we will have a better idea of what this is.

❖ If the State has consensus priorities, should we be looking at the Commission supporting them?

❖ If we are using a measurement that no one else uses, there are no indicators to see how well we are doing.

Revitalization:

❖ More preservation and re-use.

*Social & Human Services:*

❖ “Vermont should have the social, health care and housing infrastructure to meet all Vermont families’ needs.” Something that includes assisting Vermonters to help themselves may be good to include. In particular, all of our social support systems do not have enough of an emphasis of moving people off of those support systems.

*Infrastructure Development:*

❖ Vermont should plan for future shifts in energy use – is this necessary to include in the scope of what we want to tackle? Suggested: Vermont should be adaptable to a variety of energy uses.

❖ Either add to “rail” small airports or delete rail or “develop a complete and adaptable (comprehensive) transportation infrastructure”

*Regulation & Taxation:*

❖ The State of Vermont should use Taxation to create the world we want. Some members would like to discuss this statement further.

*The Vermont Brand:*

❖ Vermont should be perceived as a viable place to do Business. (broadly, universally, in front of “perceived”)

INPUT FROM REGIONAL DEVELOPMENT CORP

Frank Cioffi, Steve Patterson, Dan Smith, Neal Fox, Jamie Stewart, and Tim Smith. The Commission received input from these Regional Development Corporation directors.

Frank Cioffi gave a brief history of the Regional Development Corporations. There are 12 RDC’s to cover the 14 counties. Their charge is to promote economic development and help create economic opportunities. The RDC’s focus on retention, expansion, entrepreneurship and recruitment to the State of Vermont. They work closely with the Governor, the Secretary of ACCD, the Department of Economic Development and other economic development organizations such as the SBDC and VMEC.

A member asked about where their budget revenues come from. Frank responded that the Department of Economic Development designates a portion of their budget to RDCs. GBIC supports itself with funds from its sister organization that operates as a real estate management organization. However, other RDCs are not as fortunate to have sister or partner organizations to help support them and rely on donations to support their efforts.

Frank discussed GBIC’s regional economic plan and explained that several regions have done regional economic plans or a CEDS – Comprehensive Economic Development Strategy. He provided copies of the Chittenden CEDS for the Commission. The RDC’s could review their plans and develop a statewide plan based upon their plans.

Steve Patterson introduced NVDA and discussed what they do and who they serve.

Questions from the Commission:

**Q: With the economic development continuum, are enough things coming into the pipeline, or not enough, where are the peak growth areas, and what areas are lacking?**

A: There is a growth in manufacturing which will require specific training for employees and all of the companies in this sector are suffering economically. The companies are turning towards the higher value-added fields and employers are requiring more training and specialization in their employees.

**Q: In the lifecycle of the companies is the State stronger or weaker with start-ups, helping small businesses grow?**

A: Vermont is exceptional at helping small businesses start up and grow. The problem is they grow so strong that they begin seeking a better location to market their product or get acquired. If you're going to be in Vermont, you have to want to be in Vermont. They are people who love the state, or are strategic targeted industries. Generally they are not companies with over 250 employees.

**Q: How does VT recruit/ retain?**

A: The RDCs normally put together a team including the RDC and state resources including the Department of Economic Development, training, incentives, and develops the best strategies and programs to help the company stay and grow within Vermont.

**Q: What are the biggest problems for companies?**

A: The skills, availability of the workforce, cost of overhead, shortage of housing, taxes, space to begin and grow, access to infrastructure.

**Q: Comment about the work that you do with companies owned by a Vermonter? The age of the CEO's and what happens when they want to sell the company?**

A: When a company is looking to sell, they want to maximize that opportunity and the RDC's role becomes trying to keep the buyer interested in staying in Vermont.

**Q: Space, transportation and infrastructure are listed as key deficits. Are there different areas across the state that are specifically stronger or weaker?**

A: Yes, there are areas that are not linked to central transportation or that have space to build or expand. Whether industrial space is available varies by region. The Northeast Kingdom was able to build four industrial parks. Rutland is not located on one of the two interstates in Vermont, and they could benefit incredibly from being on the Interstate travel routes. Affordable housing is a challenge for all of Vermont. Transportation infrastructure is a noted challenge in Chittenden County. There is a lot of available space however there are several counties that have little or no available space.

**Q: What about telecommunications?**

A: It's a top priority. If you cannot use your cell phone or "Blackberry" you are disconnected from the global economy. One of the noted challenges in a rural area is getting the infrastructure established. There are challenges with the financing for getting the systems up. Providers will build in one community but cannot start the next community until the first one is up and running.

**Q: Are the RDCs educating their communities regarding growth centers?**

A: They are meeting with municipal officials to update them on what their tools are. Most essential tool for this is the Regional Planning Commission.

**Q: Could you talk more about the CEDS strategies/plans and did the same group do them for all the RDCs? Have all the RDC's done them?**

A: Six RDCs did CEDS - Comprehensive Economic Development Strategy, which allows access to USEDA grants, and hopefully creates the groundwork for a strategic economic plan. Most used EPRI, Addison used Middlebury College. Almost all of the counties have an economic plan or a CEDS.

**Q: How do you assess the coordination of the regional marketing, planning groups? Is there an opportunity there?**

A: We're very strong on the planning and economic development points. The RDCs and RPCs work very closely and coordinate with each other. Regional marketing varies. Some counties are more coordinated than others with their marketing. Ultimate goal is to have a one-stop-shopping office for small businesses and have a regional meeting place for businesses. RDCs meet monthly. For the most part, the counties are all working actively with their resources to promote a coordinated effort between themselves.

**Q: How do you determine which companies you will work with?**

A: We look at the number of jobs, the potential of the company for growth. If we don't have the resources, we will try to direct them to an organization that can. For GBIC, the companies have to be in a value-added sector or we don't work with them and will refer them to somewhere else.

**Q: How might we learn about CEDS to use and appreciate that process?**

A: Frank brought copies for the Commission to demonstrate their executive process.

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## **January 8, 2007**

Presentation by Bill Stenger – Next Generation Committee

### INVITED PANELS

#### FINANCE

Vermont Economic Development Authority – Jo Bradley

Vermont Economic Progress Council – Karen Marshall

Small Business Administration – Darcy Carter

Community Capital – Emily Kaminsky

(Brief break to get lunch and work on)

#### INFRASTRUCTURE 11:50 – 12:40

Broadband/wireless – Tom Murray, David O'Brien

Transportation – Neale Lunderville

Incubators – Tom Rainey

Energy – David O'Brien

#### WORKFORCE

Department of Labor – Pat Moulton Powden  
Workforce Development Council – Chip Evans  
State Colleges – Allan Rodgers  
Champlain College – Melissa Hersh  
Vermont Training Program – Phil Fagan

#### TECHNICAL ASSISTANCE

Small Business Development Centers – Lenae Quillan-Blume  
Vermont Manufacturers Assistance Center – Bob Zider  
UVM – Janice St. Onge  
CVCAC – Carol Flint

PRESENTATION BY GUND INSTITUTE 2:20 – 2:45

Bob Costanza

POLICY ANALYST Doug Hoffer

ECONOMISTS: Dick Heaps, VT Economy Newsletter;  
Bill Sayre

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## February 12, 2007

#### **Presenters:**

Hope Crifo: Presented a spreadsheet that summarized priorities of different community economic development strategic plans.

John McClaughry, Ethan Allen Institute. He presented a power point titled: "Off the Rails: Changing Demographics, Changing Economics, Accumulating Obligations: How will Vermont Cope with a Challenging Future?" The presentation is available on their webpage at [www.ethanallen.org](http://www.ethanallen.org)

Fred Kenney, Vermont Economic Progress Council: He presented a summary of the 2002 "Decade of Progress" report and a summary of the three recommendations. The plans are supposed to be updated every five years by statute. The 2002 plan could serve as background for the Commission, although all the issues are ones Vermont still faces.

Maureen Connolly: Stressed to the Commission the difference between Economic Development Authority (EDA) approved Comprehensive Economic Development Strategy (CEDS) and community strategies. There are only three EDA approved CEDS in the State of Vermont.

Mike Quinn, Department of Economic Development (DED): Reviewed the organization of the Department, how DED operates, funding sources, and the collaboration efforts between the Regional Development Corporations and the Department.

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## March 12, 2007

A short brainstorming session and discussion commenced on measurements and benchmarks that would be important from the household or everyday Vermonter perspective. Members cited that there are known measures that are done and the Commission should look at them in addition to looking at fresh ways to measure economic opportunity, competitiveness and progress.

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## April 9 2007

### Invited Guests on Measures and Trends

**Vermont Business Roundtable** – Competitiveness Measures

**The Vermont Community Foundation** – Vermont Trends Project

**VBSR** – Triple Bottom line measures

**Brian Byrnes** of the Vermont Community Foundation presented “The New Philanthropy and Vermont’s Economic Future”. He distinguished two definitions during his presentation that the Commission requested be noted. “Charity” – provides basic human needs. “Philanthropy” – helps systems develop and change in order to provide better services.

**Will Patton** of the Vermont Businesses for Social Responsibility discussed the various kinds and definitions of capital and provided the Commission with suggestions to promote livable wage and a skilled and stable workforce.

**Lisa Ventriss** of the Vermont Business Roundtable presented “Having the Courage to Change”. She noted four areas of investment in state studies: capital availability, human resources, infrastructure and natural resources.

### Economic Development Measures Discussion

- Review brainstorm list and Commissioners Input
- Open discussion and measure refinement.

#### Discussion Objectives:

1. Identify measures of agreement and common interest
2. Identify and discuss the gaps

Reach consensus on target number of measures (VEPC has 78 today)

The Commissioners questioned how the indicators will be used and what will be done with them. It was suggested that the Commissioners forget the specific indicators cited and look merely at the presentation and organizational structure. David was seeking a sense of format in order to draft CFED’s version(s). Additionally, there was a request by David for the Commission to offer a sense of *how many* different indicators it wanted to have. Over 78 like VEPC or more like Maine’s 23? While no specific number was determined, there was a general sense that fewer, relevant and inclusive indicators are desirable for public use and as a policymaker tool. Some

expressed a view that there needs to be an organizing principle before indicators can be aggregated and winnowed to a select list.

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## May 14, 2007

**Harlan Sylvester**, Chair, Governor's Board of Economic Advisors for Governors Snelling, Kunin, Dean and Douglas. Harlan presented points on the following question: "What challenges are unique and compelling to Vermont's fiscal sustainability and the livelihoods of average Vermonters?" Mr. Sylvester expressed concern about Vermont's image to do business, the need for political parties to work together, and the need to change tax policy.

Vermont State Treasurer **Jeb Spaulding** was present and his question was "How do capital investors view Vermont and its economic future?" Vermont has the best educational indicators in the country, our e-state initiative is good and our Captive Insurance is tops because we were out there first. Treasurer Spaulding listed transportation infrastructure as in bad shape, our power has to be reliable and high quality, a big challenge is Vermont's cost of living and the cost of doing business in Vermont. Wall Street views Vermont as having the highest bond rating in New England and is among 11 others in the country. Standard and Poor's says Vermont's management practices are strong. Forecasters are concerned about concentration in one large manufacturing business: IBM.

**Stephan Morse**, CEO of the Windham Foundation and former Speaker of the House of Representatives. Mr. Morse's question was what he sees as: "Opportunities to address Vermont's economic and social challenges." He would like the state to keep going strong with e-state because this is a project that should have been started 10 years ago and Vermont is behind in its development; he feels that we can do a better job in coordinating workforce training dollars; transportation infrastructure is having an effect on economic viability; take preserved land and put it to use through agriculture, tourism and recreation; we're holding our own with tourism and could be doing better outside Chittenden County; feels Chittenden County gets the most and the best and long-term, Vermont will not fare well unless wider distribution takes place; and tax policy needs to be looked at. Mr. Morse advises there should be no new taxes.

**Christine Werneke**, Chief Marketing Officer for the State of Vermont. Christine presented an overview of the Next Generation Workforce Report.

David Bradbury, Hope Crifo and Bill Botzow discussed what they observed at the **Listening Forum for Small Business Owners and Self-Employed Vermonters conference** and came away with: Cost of Health Care is a big issue; Workers Compensation; local regulators and state regulators and communication between them; lack of financing; and entrepreneurship for many is a secondary resort for many to earn a living.

A discussion on "**indicators**" ended the meeting with the following comments: Janice St. Onge, representing the Sustainable Jobs Fund, contributed written comments; Staige urged the Commission to look at the State of Maine's stats; Bill Botzow commented that the form is digestible, aggregating, liked the grouping, who and how will they use the form and the form is to adjust going forward.

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**June 11, 2007**

**Invited Speakers included:**

- Tom Kavet, economist to the State Legislature.
- Doug Hoffer from the Public Assets Institute
- Jeff Carr, State Economist

Each provided suggestions and comments on the Draft Indicator Dashboard and ideas and options for economic development policies and the CFED process ahead.

# **Commission on the Future of Economic Development** **Points Towards a Vision of Vermont's Economic Development** **Future**

*Third Draft from Brainstormed Elements; Amended from all inputs 12/19/06  
(This summary document attempts to integrate brainstormed ideas into a platform. It is designed so that the CFED can quickly review and either confirm or eliminate statements and goals. At this point, these points toward a vision are simply compiled and categorized brainstorm elements; they need to be affirmed or adopted by members of the CFED)*

## ***Vermont Jobs and Quality-of-Life***

**The talented, industrious people of Vermont are the state's chief asset.**

**Vermont's future economic development policies should enhance what makes the state special – its working landscape, rural heritage, and vibrant revitalized communities.**

**The state's quality-of-life should continue to be our key selling point.**

**There should be good-paying jobs available in Vermont, jobs that create prosperity to support families.**

**Vermont's jobs should attract and retain young people, and provide career ladders for advancement.**

**The median wage for Vermonters should at least equal the median U.S. wage.**

**Workforce development should prepare Vermont's workers for jobs that fit Vermont, and for the global economy.**

**The Vermont economy should offer full employment for its citizens.**

## **The Vermont Economy**

**Vermont should recognize that it participates in and is influenced by a market-driven global economy.**

**To achieve a vibrant and stable economy, the statewide framework that supports economic development should be highly adaptable and nimble; the economy should be integrally connected to a full range of educational opportunities and lifelong learning that leverage**

**economic opportunity, and the economy should support a broad diversity of types of business.**

**Vermont should be a leader in the use of a variety of alternative economic indicators to measure the status of the VT economy and evaluate the success of key state strategies to advance it.**

**Economic development policies should expand opportunities for everyone, from low-income people to prosperous wage-earners.**

**Vermont's economic development initiatives and support systems should be well-organized and well coordinated among state and federal agencies, non-profits, the legislature and the business community, and have links to many areas—especially in exploring and exploiting synergies with border states and Quebec.**

**Vermont businesses should have access to the financial capital they need to grow; Vermont should cultivate access to conventional and alternative capital to match economic development needs.**

**Vermont should leverage the small amount of the resources it has to support economic development, especially as the population ages and the pool of workers declines.**

**Vermont will need to be competitive with other states and countries.**

## **Small Businesses and Local Economies**

**Vermont small businesses are key to the state's future success; they should be systematically nurtured and supported.**

**Policies should recognize the unique needs of small businesses and entrepreneurs.**

**Vermont should nurture a stronger local economy that includes treasured downtowns that depend on local purchasing, and the working landscape.**

# **Target Niches for Economic Development**

**Vermont should concentrate economic development in priority sectors, identified niche industries and key job development areas, and leverage or create public/private partnerships to advance these efforts.**

**Some niche areas for the state could include: environmental technologies, renewable energy, agriculture of the future and value-added agriculture, the creative economy, science, technology, and engineering.**

**The Governor, Legislature and state administration should agree on which niche areas are high priorities for development, should fully support these areas, and should help to focus efforts at all levels on those niches.**

**There should be a fast track for developing the priority target niches.**

## **Social and Human Services**

**Vermont should have the social, health care, and housing infrastructure to meet all Vermont families' needs.**

**Vermont should make better links between economic development and our education and hospital networks to take advantage of these key assets.**

**Social support systems in Vermont should help people seize economic opportunities and move out of poverty.**

## **Infrastructure**

**Vermonters need first-class telecommunications in all areas of the state, including universal broadband services.**

**Vermont should plan and prepare for future shifts in energy sources and uses and promote adaptive ways to meet the state's anticipated energy needs.**

**Businesses should increasingly rely on renewable energy, and we should ensure low-income wage earners still have access to transportation and jobs.**

**Vermont should have a complete and flexible transportation infrastructure.**

# **Regulation and Taxation**

**Vermont should have a regulatory system that supports responsible economic development.**

**The economic development and regulatory system should make it possible for responsible businesses to find physical locations to be established and grow.**

**The regulatory process should be more transparent and predictable, especially for key economic development target sectors and niches.**

**Vermont's tax burden should be competitive with other states.**

**The State of Vermont should use taxation to create the world we want (e.g., tax polluting businesses, un-tax clean businesses or taxing pollution, not production) as leverage for priority sectors.**

## ***The Vermont Brand***

**The exterior perception of Vermont should improve and remain strong to attract businesses and entrepreneurs.**

**Vermont should be broadly perceived as a viable place to do business.**

# The state of Vermont: An Economic Performance Dashboard

## Economy

- State GDP (rate of change)
- Employment (#, growth, type)
- Unemployment (#, rate, national)
- State Productivity (GDP/employment)
- State Bond Rating

## Income & Wages

- Wage (average, median, % of national)
- Livable Wage (\$, # & % population below)
- Savings (\$, rate of change)
- Persons Holding Multiple Jobs
- Population using food shelves (#, %)

## Innovation and Entrepreneurship

- Risk Capital Investments (#, \$, rate)
- Patents issued to Vermonters
- New Companies (#, type, rate)
- Business Closings (#, type, rate)
- Initial Public Offerings

## Prosperity

- Healthcare (# uninsured, %, rank)
- Tax Burden (\$, % of income, rank)
- State Budget Surplus (\$, rank)
- Housing Affordability (ownership rate, % income, # foreclosures)

## Environment

- ACT 250 Permits (% issued, avg. time)
- % of streams and lakes supporting designated use.
- Solid Waste Diversion Rate
- Acres in Land Use Inventory

## Workforce & Education

- % with high school or equiv. degree
- % with higher education degrees.
- Demographics (age groups, rate)
- School Taxes (per Capita, per pupil, rank)
- K-12 Proficiency (Math and Verbal, rank)

## Infrastructure

- Broadband to Premise (availability, use)
- Bridge and Large Culvert Deficiency
- Energy (cost by class, source, rank)
- Passengers at Burlington Airport
- Public Transportation (access, use)

## Community

- Poverty (# and %)
- Chronic Disease (#, rate, % of pop.)
- Crime rate (violent, non-violent, rank)
- Voting (% registered, % voting)
- State Policymaker Review (re-election rate)

## Special Opportunity Indicators

- Environmental Technology Jobs
- Per capita energy consumption
- Student :Teacher ratio
- Higher Ed. Student Debt (avg. and median)
- Employer Competitiveness (ranking)

# CFED

## The Creative Economy (notes 8/07)

The Commission attended the Creative Economy Conference in July 2007 as part of its work.

In the CFED discussion on August 13th there was a request for

- A definition- how to understand the scope, definition and scope.
- How to avoid duplication of efforts (other groups focused on CE)?
- How does this relate to attracting, retaining and growing businesses?
- What strategies are other states employing?

The specific charge to the Commission is:

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

### UPDATES

The official notes from the Conference are available at:

<http://www.vtrural.org/creative-communities.php>

To read a full report on Vermont's Creative Economy please refer to the Vermont Council on Culture and Innovation's 2004 Report "Advancing Vermont's Creative Economy"

[http://www.vtrural.org/files/VCRD\\_Report\\_ColorFix.pdf](http://www.vtrural.org/files/VCRD_Report_ColorFix.pdf)

### From the Report (Towards a definition):

*Developers, venture capitalists, policy makers, and educators recognize the emergence of a creative economy — a sector driven by ideas, and motivated by the intellectual and cultural stimuli of our surroundings... While the creative economy can be narrowly defined as a particular set of jobs and skills, it can also be seen as a driver that complements and leverages all other economic sectors.*

*Richard Florida, Professor of Economic Development at Carnegie Mellon University, argues that creativity has become a defining characteristic of the American economy, a fact that has important implications for our community life. His research shows that:*

- *Creativity is a crucial skill for the jobs that are being created in the American economy today. We need to cultivate creativity in our children if they are to hold the jobs of the present and future.*
- *Creative people thrive in an environment where there is an authentic sense of place, an acceptance and celebration of cultural diversity, a variety of recreational activities, and opportunities for the energetic exchange of ideas.*

- *Creative workers are mobile. They live in places where their creativity is welcomed and inspired and where there is rich cultural expression. Jobs follow them.*

*The ultimate implication of Florida's work is that **communities that want to build an economy based on the jobs of the future must cultivate a creative workforce.** This workforce is made up of people who design new products, invent new technological solutions, solve problems for clients, or teach kids how to read and write. They produce ideas.*

*The VCRD has focused its work on the community level since the publication of this report. There are specific recommendations as part of the report.*

### ***Definition of the "creative economy" continues to be problematic.***

In other sources:

**The 2007 national conference on the creative economy is October 24-25.**

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

What is a creative economy:

*Originality, innovation, inventiveness, imagination, artistic ability, resourcefulness – all are synonyms for creativity. But what does it mean to be creative and why is that attribute so important to businesses and communities alike? Creative communities attract the best and the brightest to their areas. Companies in “creative” industries will come to where the creative people are located, which in turn fuels a creative economy.*

*The global economy is on the move. Today's leadership challenge is how best to release the imaginative energies of people, while harnessing their idea-potential for successful companies and communities. This is the challenge being posed by the rapidly accelerating Creative Economy.*

### **Creative Class Group**

<http://creativeclass.com/>

Consulting group with Richard Florida (originator of "the creative economy" concept). Information and video presentations.

**FROM: Business Week, August 28, 2000**

**THE 21ST CENTURY CORPORATION**

## **The Creative Economy**

**Which companies will thrive in the coming years? Those that value ideas above all else**

*In the Creative Economy, the most important intellectual property isn't software or music or movies. It's the stuff inside employees' heads. When assets were physical things like coal mines, shareholders truly owned them. But when the vital assets are people, there can be no true ownership. The best that corporations can do is to create an environment that makes the best people want to stay.*

*In the Creative Economy, the most important intellectual property isn't software or music or movies. It's the stuff inside employees' heads. When assets were physical things like coal mines, shareholders truly owned them. But when the vital assets are people, there can be no true ownership. The best that corporations can do is to create an environment that makes the best people want to stay.*

**FROM: Maine Handbook on the creative economy at**

[http://www.econdevmaine.com/resources/pdfs/creative\\_economy\\_handbook.pdf](http://www.econdevmaine.com/resources/pdfs/creative_economy_handbook.pdf)

Produced by the Maine Department of Economic and Community Development

*The dual skills of “creating and designing” are particularly important to the New England region, which can no longer compete in the marketplace of low-price, high-volume production. Instead, the economic future of the region rests on globally competitive industries whose principal competitive advantage derives from new designs, new technologies, artistic contributions, uniqueness, and/or authenticity.*

*Maine needs a statewide strategy for developing the creative abilities of all Maine workers, and attracting and retaining creative workers who are vital to developing globally competitive industries. This report lays out the framework of that strategy. It complements the State of Maine’s overall economic development strategy, which emphasizes the revitalization of mature industries through research and the commercialization of new technologies, and the development of emergent industries in targeted “New Economy” fields. Within the state’s overall strategy, “creative economy” is identified as a cross-cutting element. This report articulates the many ways in which a creative economy development strategy for Maine does indeed cut across and bolster all state initiatives to increase jobs and wealth for Maine people.*

*Economist Richard Florida drew widespread attention to the rising importance of creative workers in his bestselling book, *The Rise of the Creative Class* (2002). In it, he observed that cities with high concentrations of creative workers are also characterized by strong, growing regional economies—particularly in so-called “New Economy” industries. He also observed a set of shared attributes in these cities, including high concentrations of highly skilled creative workers; cultural, ethnic, and lifestyle diversity; an abundance of recreational and cultural amenities; unique downtowns and neighborhoods; and widespread, visible expressions of creativity in public spaces.*

**FROM HAWAII**

The Creative Economy is defined as the economic activity of a broad spectrum of commercial businesses, individuals, cultural enterprises, nonprofit institutions and government agencies that directly or indirectly produce goods and/or provide services that are based on intellectual property rooted in, or generated by, artistry, design, aesthetic value or cultural enterprise. – Hawaii [http://www.hawaii.gov/dbedt/main/news\\_releases/2006/news-release-0609](http://www.hawaii.gov/dbedt/main/news_releases/2006/news-release-0609)

**FROM NOTES PROVIDED BY COMMISSIONERS:**

1. Confusion about whether "creative" means the arts alone or does it include entrepreneurial creativity. From an economic development perspective many of us viewed the day through the latter filter but "Creative Economy" seems to be a catch-all and maybe that's a good thing. – *Will Patten*
2. The creative economy seems to be more about verbs than nouns. The creative economy relates largely to expenditure of discretionary income and needs to be grounded in and partnered with economies built on core necessities such as housing, food, energy, transportation, financial institutions, etc. of the day. – *Bill Botzow*
3. Regarding Creative Economies:

- Focus on what the community/region is about – those unique local differentiators
- Leverage branding
- Value intra-community/region commerce
- Maximize existing resources (including have retirement communities within college campuses!)

- *Mary Lintermann*

# CFED responses to the Creative Economy Conference (8-13-07)

Comments received from:

**Will Patten, Hinda Miller, Dave Mount, Mary Niebling, Bill Botzow, Mary Linterman**

**There is also a report from Bill Russell at Legislative Council about activities in other states that Carl requested.**

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NOTES FROM CFED COMMISSIONERS:

## **Will Patten**

Here are my impressions and observations from yesterday's conference:

1. Confusion about whether "creative" means the arts alone or does it include entrepreneurial creativity. From an economic development perspective many of us viewed the day through the latter filter but "Creative Economy" seems to be a catch-all and maybe that's a good thing.
2. Enormous local energy with tremendous local results from people who were being encouraged to look to the state government to somehow subsidize that energy. That's oxymoronic.
3. However, many people expressed a need for infrastructure.
  - a. Better communication and broadband access
  - b. Health care so that people could continue to work at what they love
  - c. Training and education that nurtured creativity.
  - d. Improved transportation.
4. The highlight of the day seemed to be Schubart's talk. The afternoon sessions buzzed with his messages and CFED needs to pay attention:
  - a. Taxes are not the issue. Value received in return for taxes paid is the issue.
  - b. If there is a strategic plan for growth, it's not being communicated very effectively. We have opportunity!
5. Did I hear Gaye disparage dairy farming while promoting alternative agriculture? Wow!

My take-aways:

1. This local energy/entrepreneurism is non-governmental by nature, extremely productive and must be a part of our state's economic development strategy. Locally grown businesses don't tend to blackmail the state as they mature.
2. Government's role is to create and protect healthy communities and robust social and technical infrastructure in and with which creative entrepreneurial energy can take seed and flourish.

I'm glad we all attended.

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## **HINDA MILLER**

The conference was successful in reminding us about the intrinsic value of Vermont assets; sense of place, village centers surrounded by working landscapes and the importance of historic reservation, arts, culture and the value of creative human capital.

The only new ideas I heard came from Bill Schubart; a vision for economic development that I mostly embrace. Some highlights have captured my imagination:

- 1] the development of a slow food identity, leveraging organic farming w/ the need for processing plants, refrigeration, warehousing, e-commerce etc. It occurred to me that we have certain parts of the equation but if we are serious about niching the state and building on our strengths, then we have to be serious in having all the parts necessary to excel as a slow food mecca.
- 2] working landscapes, recreation, tourism and natural beauty, safety and good schools- all good recruiting tools for families and business.
- 3] world class academic medical center and wellness- a good place to live and die. There are so many ways to leverage this idea.

I hope that the CFED process will develop into a creative process that builds momentum as we play more together developing the bold creative ideas that are needed to catalyze Vt's future. I liked the opportunity of hearing the best minds on this subject and the interaction that generated some creative thinking.

One more thought; the cost of affordable real estate, both commercial and residential continues to hamper economic development. This issue has to be thoughtfully fleshed out by CFED.

I could not stay until the end so I missed the last session of exchange. I am looking forward to reading the wrap-up info.

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## **David Mount**

Much of the conference was not especially helpful to our mission as CFED. I saw people like the Lt. Governor and House Speaker as more cheerleaders than as people making helpful comments.

Bill Schubart was good and he made many helpful and had many ideas that could give people food for thought on ideas for the creative economy. It is good.

When I was traveling extensively earlier in the year, I gave some thought to the area of economic vitality and I looked at various areas of the country that were vibrant. I have a couple in mind that might spur us forward.

Walnut Creek, CA. This is an upscale community that utilizes its downtown much like Burlington. Stores like Barnes & Noble and Nordstrom's are interspersed throughout downtown, along with a number of pretty good restaurants. The result is a vibrant downtown with a substantial commercial base.

Natchez, Mississippi. This city is built around a dozen or so antebellum homes that are quite stunning. A rebel friend of mine commented that Natchez surrendered to the Union forces before the town was invaded to save the homes. This is Natchez' heritage and they celebrate it in many ways, all of which bring it revenues.

These are ways we can work in Vermont, too. We already have tried the downtown experiment, but it seems to work everywhere. Interestingly, places like downtown San Francisco, 30 miles from Walnut Creek, are not doing well, but the suburban downtowns seem to be thriving.

Our historical heritage is not celebrated at all and yet, for example, Vermont had action in the French and Indian War, the Revolution, the War of 1812 and one of the oddest actions in the Civil War.

These are some of the things I took from the conference - we can use some of these creative ideas to make our economy more bullet proof.

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## **Mary Niebling**

As you could see from the intensity from which I was writing down my thoughts in the House Chamber, I had lots of impressions from the day. Here goes:

- Importance of the state supporting small and micro business development in the creative sectors through technical assistance & start-up capital
- Importance of the state supporting small and micro business development in the creative sectors through trade show support (helping start-ups to go for the first time, collecting groups of companies that want to go in a group to go together, etc.)
- Importance of the state supporting small and micro business development in the agricultural/specialty food sector by developing a website to advertise Vermont products and refer to where the products can be bought (other websites, locations, addresses, etc.) Came up in our marketing group and by Bill Schubart (he must have been listening to us!)
- I learned about Brattleboro Development Credit Corporation's annual Business Plan competition. I have subsequently learned that this event is designed to "The premise behind the Business Plan Competition is to help raise awareness in the community about small business and entrepreneurship, and to encourage new business development by helping interested community members develop viable business plans, gain public attention, and earn financial rewards." The top prize is \$20,000 on down. I like this kind of creativity and think that more of the RDCs could use this kind of creativity!

- Bill Schubart made REALLY GOOD comments about taxes being strategic. HE MADE A REALLY GOOD POINT ABOUT THE MYTH ABOUT TAXES BEING TOO HIGH. I get really TIRED of business People COMPLAINING/WHINING about taxes being too high, when we all know that business taxes are not too high. Corporations pay minimal taxes in Vermont and SHOULD PAY MORE TO SUPPORT THE SERVICES THEY RECEIVE! Vermont has really good services compared to other states that are supported by these taxes, although the roads in central Vermont are really starting to deteriorate and the Governor is disinvesting in people and state.
- When I saw Jeb Spaulding at the conference, I was reminded about how the Treasurer's office and the resources his office can be in leveraging economic development resources.
- I really liked the idea that someone brought up of a scalable permitting process--a permitting process that is adjustable based upon the size of a project.
- Bill Schubart lamented, was dismayed by the state's lack of a strategic economic development plan
- The need for the tax policy to flow from the strategic economic development plan... "We must not lose our belief that taxes spent wisely are a good social and economic investment. They sustain and support community. It is foolhardy to simply cut taxes. It would make more sense to design a tax code that is aligned with the state's strategic plan, if it had one."
- how do you take risks when you have a governor constantly calling you names and pulling you back?
- I liked Bill's definition of leadership, "Dialogue on shared principles is the first responsibility of leadership."
- I also like these ideas that I think gives clues on how we can see our way to coming up with our strategic economic development plan. "Good leadership generates dialogue, derives consensus on principles and then reaches out broadly to elicit innovative ideas that support these principles and solve problems. The ideas are then measured against practical reality. There will always be opposition. We'll be in trouble if there isn't. Opposition keeps us honest and on our toes. The key to managing opposition is transparency, not blind loyalty. The good ideas that survive debate are forged into a strategic plan which must then endure our uniquely non-strategic two-year political term that we seem unable to change."
- I am involved in a Rural Microenterprise Policy Cluster funded by the Kellogg Foundation through AEO (the Association for Enterprise Opportunity) and we were on a conference call yesterday. The second part of the call consisted of a presentation by a professor from the University of Maine, Jim McConnon, who has done work on the contributions of the smallest businesses on the New England states' economic growth. (I think it would be helpful to have him come talk to the Commission at some point in time and I will forward a paper or two of his). Anyway, he was talking about a recent dissertation he had listened to about the creative economy and the effect of "technical" types of creative jobs and "non-technical" of creative types of jobs on wages.

As you might expect, the former was much higher than the latter. I wanted to ask him, however didn't get to, was the latter a pre-requisite for the former as Bill Schubart suggested?

- So, I can't finish this without commenting on Brian Dubie's speech. Nearly every time I hear him speak I hear him mention this "Green Valley Initiative." But I've never heard else talk about it. So, I just looked it up. There's very little mention of it in Google and the state's Economic Development Department's website, thinkvermont.com has nothing listed in reference to the Green Valley except Dubie's initial speech about it; no program, no plan, no nuttin'. From what I can glean from the googled articles, it's a marketing concept. The website it refers to [www.envirovermont.com](http://www.envirovermont.com) is available for sale! However, upon further research, the Vermont Environmental Consortium is real and it's website [www.VECgreenvalley.com](http://www.VECgreenvalley.com) is really active and updated! (note the website name). I learned alot from that website. Apparently, Brian Dubie didn't originate the Green Valley concept, but it originated under the Dean administration, and from the first Executive Director of the VEC, Peter Murray. Anyway, the VEC work plan is impressive and I'll bet the folks will hear from in August come from the VEC's membership. That was a fun Internet romp!

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## **Bill Botzow**

Here are a few reflections:

- 1] I found the conference valuable.
  - 2] The recommendations --deserve a will need a close look when published. The report outs at the end need to be synthesized before consideration.
  - 3] The Creative Economy has value for Vermont when seen broadly to include invention, entrepreneurship, agriculture etc. Since it defines itself somewhat differently than other sectors, more of a process that can be applied broadly, it follows that policy and definition will be different also. The creative economy seems to be more about verbs than nouns. A continuing challenge will be broad common understanding of the term, less so the output.
  - 4] The creative economy relates largely to expenditure of discretionary income and needs to be grounded in and partnered with economies built on core necessities such as housing, food, energy, transportation, financial institutions, etc. of the day
  - 5] both keynote speeches were valuable. Symington's for its focus on authentic and Schubart's for its call for strategic planning connected to rational tax policy. I agree with Bill's assessment that taxes have to be connected with value.
  - 6] The Creative Economy is and will be part of Vermont's identity and reputation. It needs to be taken seriously.
  - 7] A next step in this area would be to look regionally. I've heard Maine has taken steps. The New England Foundation for the Arts has also and may have useful data.
-

# Mary Lintermann

## Summary Thought:

To have a more vibrant Vermont, a large component of the economy needs to be as a result of value-added IDEAS! (Vermont has limited resources, is too far from many markets, etc. to compete globally in many areas.) HOW we think will differentiate Vermont from the world...and make the world want to come to Vermont. The subsequent question is how do we foster this creative/innovative attitude ... and have it eventually yield viable activities?

I noticed that in the conference that there are a LOT of great ideas (& resulting activities) happening at the very local level BUT there is not a consistent mechanism(s) to disseminate & prototype the information/resources/success stories to others.

Conclusion: We could see tremendous improvements through the initial step of providing that consistent mechanism\* and fostering a critical mass (innovative people inspiring other innovative people).

\* Consistent mechanism for supporting “creative economy activities” suggestions:

- One-stop resource centers – “tool box”
  - Disseminate info
  - Provide training / education
  - \$/resources
- Have annual (or semi-annual) statewide conferences to share info/successes, foster collaboration (including public/private partnerships?) and leverage resources.
- Incent innovation

I am circling around 2 key points to facilitate a creative, vibrant, nimble economy that I heard (some of which was from our group):

1) Start at the LOCAL (& perhaps regional) level to foster innovation, creativity, etc so that communities/businesses can quantify what makes them unique (I call it differentiators). So, one could say its "bottoms up planning/actions".

2) Have state POLICY(s) that is a flexible framework. Allow inter-agencies/communities to collaborate...and build on the existing synergy.

Of course, the foundation to this is an integrated (econ devel., energy, education, human services, infrastructure, etc.) long range plan!!!!!!!!!!!!!!!!!!!!!!

EXAMPLE: in order for Vermont to be a catalyst in creating a vibrant community/region, the community/region needs a mechanism to innovate. To do this “bottoms up” innovation/discovery/planning, the community region needs support/resources (tool box). The tool box can include information, training & \$. Information includes other success stories, links to resources, etc. Training includes "how to" ...lead a public process, apply for a grant, etc. Money allows the info & training, and the resulting planning & implementation to occur. The State policy

here could be "to maximize our existing resources, the RDC & RPC will be funded in order to be the conduit for info, training, & \$." (I know that this is crude but I hope that you get my concept.)

I was surprised how many of the break out groups identified the need for a "one-stop resource center" ...maybe we just need to rename the RDCs!

Other thoughts that I found interesting:

Regarding Creative Economies:

- Focus on what the community/region is about – those unique local differentiators
- Leverage branding
- Value intra-community/region commerce
- Maximize existing resources (including have retirement communities within college campuses!)

Regarding Public Policy:

- Public policy can stimulate (or constrain) creative economy as much as money
- Have creative & innovative people be part of public policy discussion
- Have next generation be part of public policy discussion
- Integrate public infrastructure (broad definition: telecomm, transp, energy, education, human services, land use, nat'l resources, etc.) to support long range economic plan
- Have Department dedicated to intellectual capital/patents
- Encourage inter-agencies/communities to collaborate...and build on the existing synergy.
- Encourage public/private partnerships. Public supports "Tool box" – Private incented to invest expertise & resources.

Regarding Conference:

- It was great! Excellent planning allowed many to be energized and the format ensured that follow-thru will occur. Kudos to Paul Costello & his team!
- While many had different definition of what creative economy meant, in some ways ALL of our definitions are correct and are applicable to helping Vermont have a vibrant, nimble economy!

## OTHER STATES

From: Bill Russell [<mailto:bill@leg.state.vt.us>]  
Sent: Thursday, July 19, 2007 12:48 PM  
To: Carl@spanglerdevelopment.com  
Subject: Fwd: Long Term Economic Planning--The Creative Economy

Here's the response from the NCSL providing a brief bibliography of what some other states are doing to promote the "creative economy".

Hope this is helpful  
Bill Russell

"Genevieve Hale" <[genevieve.hale@ncsl.org](mailto:genevieve.hale@ncsl.org)> 7/12/2007 1:49 PM >>>

Dear Mr. Russell:

The following is in response to your question regarding other state approaches to long term economic planning, particularly with respect to encouraging creative economies. If additional information is needed, please don't hesitate to contact me.

Sincerely,  
Genevieve Hale, Senior Policy Specialist  
Fiscal Affairs Program  
National Conference of State Legislatures  
7700 East First Place  
Denver, CO 80230  
Phone: 303-856-1649  
E-mail: [genevieve.hale@ncsl.org](mailto:genevieve.hale@ncsl.org)

### **Maine:**

Maine is one of the leading states encouraging a creative economy. Governor Baldacci has made the development of the creative economy a platform of his administration. For more information, please go to the following link:

<http://www.econdevmaine.com/resources/default.asp#creative>

Another great resource is the Maine Handbook on the creative economy at

[http://www.econdevmaine.com/resources/pdfs/creative\\_economy\\_handbook.pdf](http://www.econdevmaine.com/resources/pdfs/creative_economy_handbook.pdf)

### **Kentucky:**

Kentucky's "Prescription for Innovation", a program to encourage technology is another model to study. Some helpful links are:

<http://www.connectkentucky.org/projects/pfi/>

<http://www.connectkentucky.org/events/pastevents/prescription.htm>

### **Massachusetts:**

The Commonwealth of Massachusetts now has an official arm of its Executive Office of Housing and Economic Development devoted to the promotion of the creative economy --

industries that include education, film, software, tourism, museums, art and design. The following document may be of interest:

[http://www.mass.gov/EOed/docs/Towards\\_a\\_New\\_Prosperty/Toward\\_a\\_New\\_Prosperty.pdf](http://www.mass.gov/EOed/docs/Towards_a_New_Prosperty/Toward_a_New_Prosperty.pdf)

**Hawaii:**

Hawaii has recently done a survey around the "creative economy." The link is:

[http://www.hawaii.gov/dbedt/main/news\\_releases/2006/news-release-0609](http://www.hawaii.gov/dbedt/main/news_releases/2006/news-release-0609)

**Iowa:**

The Creative Economy in Iowa (issue paper)

[http://www.culturalaffairs.org/media/reports\\_and\\_studies/Creative.pdf](http://www.culturalaffairs.org/media/reports_and_studies/Creative.pdf)

**North Carolina:**

North Carolina has a \$25M Plan for the Biofuels Industry

<http://www.ssti.org/Digest/2007/040907.htm#NorthCarolina>

**Arizona:**

Arizona has allocated \$35M for a Technology Fund

<http://www.ssti.org/Digest/2006/062606.htm#Arizona>

**Other resources and links:**

The New England Council: The Creative Economy

<http://www.newenglandcouncil.com/creativeEconomy.php>

The New England Council Report on the Creative Economy

[http://www.newenglandcouncil.com/pdf/rep\\_webReports/rep\\_creativeEconomy.pdf](http://www.newenglandcouncil.com/pdf/rep_webReports/rep_creativeEconomy.pdf)

Business Week Article on the Creative Economy

[http://www.businessweek.com/2000/00\\_35/b3696002.htm](http://www.businessweek.com/2000/00_35/b3696002.htm)

National Governors Association Center for Best Practices. Role of the Arts in Economic Development (2001).

<http://preview.nga.org/Files/pdf/062501ARTSDEV.pdf>

National Governors Association Center for Best Practices. Strengthening Rural Economies Through the Arts (2005).

<http://preview.nga.org/Files/pdf/RURALARTS.pdf>

Education Commission of the States. The Arts, Education and the Creative Economy (2005).  
<http://www.ecs.org/clearinghouse/62/52/6252.pdf>

August 1, 2007 - **DRAFT** from The Snelling Center for Government - revised August 14, 2007

## **CFED Project Plan (DRAFT) July 2007 - June 2008**

### **Surveys**

1. The Snelling Center Strategic Statements Survey of Commission members. Report on in August - basis for discussion in September.
2. Develop survey into a public survey with focus on getting various stakeholder groups to drive their members to it.
3. Review the priorities that the DED has set (See Secretary Dorn's PPT) and develop survey around those as baseline - implement with Commission then with public.
4. The surveys should set the stage to articulate the vision, goals and purpose of the CFED report, which would be subsequently vetted in the public outreach.

### **Regular Meetings**

A schedule of regular public meetings for the year needs to be established. *To be established*

The work plan of the Commission is quite extensive. Commission members will need time to listen to presentations, review reports and data, and most importantly to work together to synthesize and deliberate on the barriers, challenges and opportunities that become apparent for advancing economic development in the state. Additional strategies need to be developed. Identification of key outside research tasks need to be prioritized. Attention needs to be given to the Public Engagement process.

Decision points:

1. Summit as part of public engagement or as summary or do twice?
2. How much to do in 2007 and how much in 2008?
3. public outreach meetings as full commission or sub groups; as a fall project or a fall spring project?

### **Reports**

*Goal: Each commission's five year plan shall identify the long term goals for Vermont economic development and job retention in light of the local and global economic climate and for increasing the wellbeing of Vermonters and their communities. The plan shall identify prioritized criteria by which to evaluate legislative proposals for economic development programs in the coming five years which will best serve the goals of the five year plan.*

- ❑ September Report on progress.
- ❑ January Report on initial findings and elements of long range plan
- ❑ June report on first full long range plan

## **Communications, Website, General Outreach**

Reports on the work of the Commission will continue to be posted on the web site and delivered to a list of interested parties. The meetings of the Commission, especially those with substantive presentations will be documented by filming, and the films will be circulated to Public Access television throughout the state.

The Snelling Center has established the CFED website as a page on its own web site:

[www.snellingcenter.org/cfed](http://www.snellingcenter.org/cfed)

This was done to increase the ability to use the website as a timely and effective tool for communications. ACCD will keep the existing web address on their site, but it will forward all inquiries for information to the Snelling Center Web Site. In the future the Commission will need to decide if it wants to establish its own web site, separately hosted with its own URL, or attach it to a state agency or the legislative web site.

## **Possible Presenters and Panels and Discussions**

\* Collect feedback from July **Creative Economy** Conference and feed back to Commission as its discussion on this topic, identifying possible areas for follow-up.

\* **Green services and Projects** -August 13<sup>th</sup> - We have agreed that the focus will be on: “Vermont companies that provide green products and services to the nation and the world”. Core questions for presenters: How do you come to be in Vermont? What are the barriers to your company’s growth? Is Vermont a good location? What are 3 things Vermont could do to be a great location for you?

Discussion among members: The Vermont brand; the role of “green”; other elements to the Vermont brand; what steps would establish or reinforce the Vermont brand.

### **TBD meetings\***

Should these be meetings and inquiry by the whole commission?

Should the commission split up into task groups to do separate investigation and report back?

Should some of the research and inquiry be done by staff and reported back?

### **\* Incentives**

“Vermont companies that have used EATI or VEGI incentives”.

“Vermont companies that have expanded without EATI and VEGI incentives. Core questions for presenters: How important were the credits and why? How tight is the accountability? How permanent are the benefits; how committed are the recipients to Vermont? Are the incentives equally important for business “creation, attraction, expansion, and retention”?

Discussion among members: What is the efficacy of tax credit and / or cash incentives for business “creation, attraction, expansion, and retention”? Should incentives be more targeted? Can accountability be ensured?

\* Presentation on: “the **Unified Economic Development Budget**”.

Discussion among members: DED and partner priorities; definitions of primary, secondary, and tertiary economic development expenditures; allocation of primary ED resources; program performance indicators.

\* Presentation on: “**secondary and tertiary economic development areas and linkages to other, specific strategic projects ongoing in state government**”; these could include Building Bright Futures, VTrans Long Range Plan, the E-State Initiative; Catamount Health (and health care reform); reauthorization of Reach-Up, VHCB (as pivot position for affordable housing).

Discussion among members: What is the appropriate linkage between the CFED economic development plan and these other, related initiatives? How deeply should the CFED plan reach into secondary and tertiary ED areas?

\* Discussion with **large employers with an out-of-state corporate decision making body**.

These tend to be companies with a large economic footprint who can be found in almost all regions of the state. Their primary emphasis is on "value-adding" "dollar importing" scopes. E.g., in Chittenden County: IBM, IDX-GE Health Care, General Dynamics; in Franklin Co.: Energizer, Mylan, An Derringer, CJ Van Houten; in other areas of the state Ethan Allen, Omya, etc.

Discussion among members: As many of these companies are attached to structures that are significant global players what does Vermont have to offer to assist in meeting their competitive needs (e.g., broadband/high speed internet connectedness of our state, our education curriculums and the training, education and reeducation of our working age population.

\* Discussion with the largest nonprofit employers: **Health care and Higher Education**.

\* Discussion with **next generation businesses** - new businesses established by 20 and 30-something entrepreneurs.

\* Discussion with **new and emerging niches:** e.g., software developers, artisan agricultural products.

\* Discussion with established / traditional key sectors: e.g., tourism, dairy, forestry/timber/pulp/chips.

None of these discussions is meant to be a comprehensive look at future economic issues and opportunities, but to provide the Commission with a starting point to determine its agenda for inquiry for the coming year. More focus can be given through the discussion at the September Meeting.

## **Public Outreach**

(see attached proposal)

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

Work through the RDC's using their regional breakdown to conduct a thorough state wide public engagement process. Two processes, one in the fall and one in the spring would be designed to cover the whole state, and ask two sets of questions and present the evolving version of the planning guidelines and plan elements for comments and discussions.

## **Retreat**

The idea of a Commission "retreat" to have a day long or overnight program to allow for more interaction between members, build more of a sense of connection among members who are expected to serve together for an extended period and address some of the early questions of Commission outcomes and questions for the public.

- Need to determine if this is a priority now or in the future
- Need to review the structure of such an event to remain in compliance with open meeting law

## **State House Economic Summit**

The Commission is planning to initiate an annual Economic Summit at the Statehouse in Montpelier that brings government, business, labor and community leaders together each fall to detail, debate and reach consensus on long term economic development strategies and priorities for Vermonters.

Originally scheduled for this fall, it is recommended that this event be held until May 2008 when a plan is more fully developed and such a meeting can follow an extensive public outreach effort and be more of a consensus building exercise.

## **DRAFT - Public Outreach Effort - CFED**

Work with the RDC's to set up meetings, with specific invitations to local employers, workforce development entities, United Ways, Community Partnerships, Business leaders, RPCs, etc.

1. Introduction to CFED
2. Sm. Grp. Discussion of what is needed for an effective infrastructure of economic development; assets and barriers locally; priority initiatives.
3. Lrg. Grp. Feedback and comment.

We are proposing that the focus of this outreach look at what can be identified as successful infrastructure for economic development; where are the areas of greatest leverage that might guide investment and policy development. How do we create conditions for success? The concept of "infrastructure" came up repeatedly during our discussions with each Commissioner as a key concern; along with transportation and communications, it specifically includes social infrastructure issues such as child care, affordable housing, etc. Having a focus is critical to the success of an outreach effort.

As much as possible the outreach would be initiated by the local sponsoring groups. Efforts would be made to encourage cooperation among several types of entities that work on primary as well as secondary "infrastructure" for economic development.

The focus would be on bringing together a critical mass of key groups and their representatives to work together on the "infrastructure question." While the general public can attend, it would not be targeted to them. A wide range of invitations would be sent out with an opportunity to contribute ideas through the web if they could not attend. A follow-up press release would report on the local meeting and encourage further ideas through web based tools.

Once the schedule is established locally, the Commission would organize itself for members to attend as many of the sessions as possible with the goal of having three commissioners at each of the 12 session. Whether 12 events are overly ambitious has yet to be tested but it would be a way to thoroughly blanket the state. Six meetings could be conducted in the fall and six in the spring, blanketing the state twice.

**Addison County RDC - Middlebury**

**Bennington County Industrial Corp - Bennington**

**Brattleboro Dev. Credit Corp. - Brattleboro**

**Central Vermont RDC - Montpelier**

**Franklin County Industrial Dev. Corp. - St. Albans**

**Greater Burlington Industrial Corp. - Burlington**

**Green Mountain Economic Development Corp-WRJct.**

**Lake Champlain Islands Chamber - No. Hero**

**Lamoille Economic Dev. Corp. - Morrisville**

**Northeastern Vermont Dev. Assoc. - St. Johnsbury**

**Rutland Economic Development Corp. - Rutland**

**Springfield Regional Dev. Corp - Springfield**

# **Commission on the Future of Economic Development**

## **SURVEY- part I**

### **GOAL AND PURPOSE STATEMENTS**

These action statements are designed to help the Commission members arrive at a common statement of the purpose of an economic development strategic plan: what type of information will it contain? How will it be used? Will it propose a plan to track relevant trends in the economy? Will it focus on the role of state government? Will it guide the deployment of public resources? Will it evaluate the effectiveness of economic development programs and / or propose a plan for such evaluation in the future?

### **Members of the Commission generally agreed that Vermont's economic development strategic plan should:**

- distill a positive and realistic vision for how Vermont's economy can grow, improve, change, and support broad-based, sustainable economic prosperity and quality of life in the global economy;
- identify Vermont's existing sectors of "comparative advantage", where in Vermont is already well-positioned with respect to the vision;
- identify and focus intensively on the top strategic leverage points (sectors of current or future comparative advantage) where the investment of the limited public resources can make the greatest difference in achieving the vision for strategic economic development;
- recommend public policies to guide, encourage, and reduce barriers to progress towards the vision.

### **There was less agreement, and need for focused discussion if the plan is to:**

- Select "macro" indicators of progress towards the vision, with 5 year performance targets, and recommend a process for tracking and reporting the indicators;
- Identify any other areas that, while not currently providing "comparative advantage", are specific sectors worthy of strategic economic development attention and investment;
- Decide (or confirm) consistent working definitions for terms that are commonly used but open to misinterpretation including "the creative economy", "sustainability", etc.
- Evaluate and rank the four broad categories of economic development, i.e. business creation, business expansion, business retention, and business attraction, for their appropriateness and potential leverage in achieving the vision;
- Evaluate the effectiveness of existing public programs and expenditures that are or should be connected to the vision for economic growth, improvement, and change; recommend explicit adjustments to existing programs as necessary, and explicit endorsement of existing programs that are found to be positive;
- Select measurable performance criteria for major public programs and expenditures related to economic development, and recommend a process for tracking and reporting on those performance measures, and how public expenditures are supporting the vision;

### **Additional statements on Goals and Mission by Commissioners:**

- Business is not the same as economy.
  - Support VT's existing cities, towns, businesses, agriculture and people
  - Think sustainable.
  - Flexible/adaptive/nimble... Iterative-Organic
  - Mechanism for continuous feedback/revisions/improvements
  - Existing and emerging future sectors
  - Plan points out all the logical links to other supportive infrastructure.
  - Include mechanisms for refreshing, evaluating, and improving an ongoing Vermont economic development strategic planning process.
  - Represents long term goals that are non-partisan and not specific to any particular administration or general assembly.
  - Identify and evaluate the impact of global and national trends and conditions on Vermont's future, e.g. Immigration, fossil fuel, supply and food production.
  - Identify changes in public policy that must be made in order to provide a more competitive environment for business
  - Identify the major threats to continued economic growth and defuse/correct policies to support growth.
  - Simple, clear, concise. It must make decision on how to niche cluster of business where VT has some advantages. It has to get buy-in from legislature, governor, VEPC, gov's council on economic development, etc.
  - Make sure economic development policies cover all spectrums of VT populace, urban-rural, rich-poor, etc.
- 

### **STRATEGIC FOCUS**

On the assumption that a successful economic development strategic plan must be intensively focused, these statements are designed to suggest choices about how Vermont might focus its development efforts to optimize its limited public economic development resources.

### **Based on responses by Commissioners**

(ranked in order from highest rate of agreement)

A successful strategic plan will focus on:

1. Development of specific post-secondary education and training centers of excellence (engineering? computer science?)
2. Vermont as a hub of energy and environmental service providers;
3. Incentives for entrepreneurial, start-up ventures;
4. Incentives to expand existing businesses and areas of comparative advantage;
5. Incentives to train employees for higher wage activities.
6. Defending niche sectors (like captive insurance) where there is growing competitive pressure;
7. Building Vermont's Brand as a "green state;"
8. Predictable, customer friendly regulation;

9. Competitive tax policy (or *at least a tax policy that addresses the goals of the plan*);

**The following items elicited enough disagreement, neutrality or "unsure" responses to require more focused conversation before consideration for inclusion.**

10. Incentives for specific, favored industries or activities (agriculture? manufacturing? green services?)

11. Assistance with cost-containment (lean manufacturing? energy conservation? workers compensation? health coverage? etc.)

12. Developing further commerce with Canada

13. Incentives for retaining companies that are at risk for leaving Vermont

14. Incentives for attracting companies to move into Vermont;

15. Incentives for achieving carbon neutrality;

#### **Additional statements on Strategic Focus by Commissioners:**

- Investment in and development of transportation and telecommunications infrastructures.
- Priorities are building Vermont's brand as a 'green state' and assistance with cost-containment.
- Ability to live, grows, thrive and play (disputable income) people focused.
- Center for innovation
- Minimize environment footprint.
- Center of education k-12
- ID and supports established entrepreneurs.
- Natural Resources
- Universal health that is not related to employment
- Employers/educators collaboration to synchronize job skills opportunities.
- Forward looking energy/ transportations policies.
- Incentive or tax credits for our smallest businesses to relieve tax burden for start up.
- Making our current Economic Development programs report on performance measures.
- Too little, to late, for incentives for retaining companies that are at risk for leaving Vermont.

# **Commission on the Future of Economic Development**

## **SURVEY SUMMARY- part II**

The following is intended to help CFED establish areas of strategic agreement, and bring focus to what the strategic economic development plan needs to accomplish. This is a composite of views taken in individual interviews with Commissioners and from a survey form that each Commissioner filled out. They do not represent the views of the Commission, but are meant to be a framework for understanding the current thinking of the Commission and to generate ideas for work ahead.

### **Contents**

#### **1. Strategic Statements**

These statements are designed to probe for agreement on basic assumptions. They are designed to not be heavily value-laden but, together, might describe the Vermont economy we hope to support and develop. The statements are built around the following lead-in concepts:

- A growing economy .....
- A healthy economy .....
- The workforce in a growing and healthy economy .....

#### **2. Identifying and Rating Vermont's "comparative advantages"**

This section is intended to probe the Commission members' views about specific strengths that may already exist in the Vermont economy.

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### **STRATEGIC STATEMENTS**

#### **A Growing Economy**

*The statements assume that a growing economy is generally desirable, and seek to establish some major themes that are foundational in order for the economy to grow in a positive and desirable way.*

Statements are important to Commissioners and important to CFED's work.

Vermont's "position" was good or strong, and trends were mixed or generally positive.

**Question:** *How to maintain these strengths and expand on them?*

- *A growing economy depends on access to debt and equity capital.*
- *A growing economy depends on entrepreneurial ventures and business expansion initiatives that are sufficiently sound to obtain capital support.*

Statements are important to Commissioners and important to CFED's work.

Vermont's "position" was weak, but trends were mixed or generally positive.

**Question:** *How to keep the trends moving in the right direction?*

- *A growing economy depends on an advanced, reliable, well-maintained communications infrastructure.*

Statements are important to Commissioners and important to CFED's work.

Vermont's "position" was weak and there was not an obvious trend good or bad.

**Question:** *How do we strengthen Vermont's position?*

- *A growing Vermont economy depends on “export revenues” derived from selling value-added products and services outside Vermont’s borders, or earning tuitions, fees, and other income by attracting students, tourists, skiers, convention groups, second home owners, and others to spend money in the state.*
- *A growing economy will generate the financial resources (tax revenue) to sustain healthy communities in Vermont.*

Statements are important to Commissioners and important to CFED's work.

Vermont's "position" was good or strong, but the trends were not clear or were deteriorating.

**Question:** *How do we strengthen Vermont's position?*

- *A growing economy depends on a first class workforce.*
- *A growing economy depends on a long-term, reliable, competitively priced electric power supply.*

Statements are important to Commissioners and important to CFED's work.

Vermont's "position" was weak or poor and the trends were deteriorating.

**Question:** *How do we bend the curve and move toward a stronger position? Is this a priority to invest?*

- *A growing economy depends on an efficient, well-maintained transportation infra-structure.*

Statements brought out significant ambivalence among Commissioners about their importance to CFED. Mixed response as well as to Vermont's position and the trends.

**Discussion:** *Is this an area to dig deeper?*

- *A growing economy is supported by increasing self-sufficiency whereby Vermonters can cost-effectively “buy local” and / or reduce consumption and dependency on agricultural, energy, and other commodities and products from out-of-state, and Vermonters can find productive employment in related local enterprises.*
- *A growing economy depends on positive productivity trends.*
- *A growing economy depends on success in one or more of the following: business creation, business retention, business expansion, business attraction.*

**Additional strategic statements:** *A growing economy:*

- Needs a reputation for supporting and encouraging business growth & development
- Provides opportunities for its residents to earn a livable wage and build wealth.
- Adaptability of firm and workforce to rapidly changing economy
- Predictable business climate.
- The word growing should be challenged. Healthy?

- Requires healthy communities.
- Depends on a public policy infrastructure that recognizes the importance of economic growth and makes a coordination effort, such as growth a priority.
- Housing is very important, affordable workforce housing close to the workplace.

## **A Healthy Economy**

*These statements attempt to describe broad conditions and principles that are foundational to a Vermont economy that will be resilient, prosperous, and sustainable over an extended period of time.*

Statements are important to Commissioners and important to CFED's work.

Vermont's "position" was good or strong, and trends were mixed or generally positive.

**Question:** *How to maintain these strengths and expand on them?*

- *A healthy economy will be comprised of many companies with proprietary knowledge, skills, intellectual property, creative designs, etc. that provide a sharp competitive edge in the global economy.*
- *A healthy economy will support water, air, and land pollution standards that maintain Vermont's reputation for a clean and healthy environment.*

Statements are important to Commissioners and important to CFED's work.

Vermont's "position" was weak and there was not an obvious trend good or bad.

**Question:** *How do we strengthen Vermont's position?*

- *A healthy economy will be diversified and balanced across many industry sectors.*
- *A healthy economy will be diversified and not overly dependent on a few very large employers.*

Statements brought out significant ambivalence among Commissioners about their importance to CFED. Mixed response as well as to Vermont's position and the trends.

**Discussion:** *Is this an area to dig deeper?*

- *A healthy Vermont economy will be an active participant in the global economy.*
- *A healthy Vermont economy will be decreasingly vulnerable to the export of jobs overseas.*
- *A healthy economy will be diversified and not overly dependent on a few very large employers.*
- *A healthy economy will be balanced geographically.*
- *A healthy economy is comprised primarily of companies that are consistently profitable and non-profit organizations that can consistently operate with a financial surplus.*
- *A healthy economy is inter-dependent with healthy communities.*

## **Other strategic statements: A healthy economy.....**

- Will have a competitive cost of doing business.
- Will have a multi-modal transportation system that is in good competitive condition.
- Will have a comprehensive high speed telecommunications network.
- Is supported by industry groups/associations, as part of an infrastructure to support sustainable ways of doing business.
- Will be balanced geographically **or ability to get jobs anywhere... no severe pockets of poverty**
- Can/will support healthy community, health, educations, child care, national resources, donations/support to commercial non-profits, ability to partake in community.
- Pays a livable wage with healthcare benefits

- Has healthy families who can support their families by working one job
- Has opportunities where children can pursue education at a reasonable cost and find jobs in their communities
- Has sufficient training opportunities.

### **The Workforce**

*Work force issues are integral to the growth and health of the economy, now and in the future. These statements attempt to describe the conditions necessary to develop, attract, reward, and retain a world class workforce for the 21<sup>st</sup> century.*

Statements are important to Commissioners and important to CFED's work.

Vermont's "position" was weak.

**Question:** *How to strengthen Vermont's position?*

- *A healthy, growing economy depends on a literate workforce with well-developed reading, writing, and math skills, and a strong work ethic.*
- *The employees in a healthy economy will have ready access to skill training and certification programs for specific technical and professional fields that are demanded by employers.*
- *A healthy economy will generate high paying jobs.*
- *A healthy economy will have housing, healthcare and childcare that are available and affordable to working families.*
- *A healthy economy will attract a higher share of both native and non-native, college-educated, 22 to 34 year olds to start businesses and build careers.*

Statements are important to Commissioners and important to CFED's work.

Vermont's "position" was unknown - Commissioner's split on whether it was good or weak.

**Question:** *What information do we need to understand Vermont's position?*

- *The employees in a healthy economy will have ready access to skill training and certification programs for specific technical and professional fields that are demanded by employers.*

Statements brought out significant ambivalence among Commissioners about their importance to CFED.

Vermont's position is good.

**Discussion:** *Is this an area to dig deeper?*

- *A healthy, growing economy is built on places of work that are safe and environmentally healthy.*
- *A healthy economy will have the active engagement of colleges and universities preparing both traditional and non-traditional learners to innovate and to lead in realizing the vision for Vermont's economy.*

Statements brought out significant ambivalence among Commissioners about their importance to CFED.

Mixed response as to Vermont's position.

**Discussion:** *Is this an area to dig deeper?*

- *A healthy, growing economy depends on a workforce that is weighted towards people who are “life long learners” and able to adapt to changing workplace needs and requirements, and lead change.*
- *A healthy, growing economy depends on educational delivery channels that support life-long learning and support employees in adapting to the changing workplace.*
- *A healthy economy will generate opportunity and career paths, beginning at the entry level, for young, inexperienced, and / or unskilled workers.*
- *A healthy economy is one in which high workforce skills, high wages, high productivity, and excellent progress on livable wages, all happen in concert with one another.*
- *A healthy, growing economy will draw on the talents of older employees who choose not to retire.*
- *A healthy economy will be attractive to telecommuters.*

**Other statements**      *The workforce in a healthy, growing economy:*

- Is constantly learning and being trained
- Is lead by skilled management
- Will be diverse and meet needs off all sectors
- Will be an employer's greatest asset.
- Is dependant on a growing workforce.
- Has health care.

## COMPARATIVE ADVANTAGES

Assuming the strategic plan will build on current areas of strength (comparative advantage) rate the following sectors for comparative advantage and strategic leverage:

1. Existing "TEAM" business base
  - Tourism Comparative advantage: HIGH  
Strategic Leverage: MEDIUM
  - **Education Comparative advantage: HIGH-MEDIUM  
Strategic Leverage: HIGH-MEDIUM**
  - Agriculture Comparative advantage: MEDIUM  
Strategic Leverage: MEDIUM
  - Manufacturing Comparative advantage: MEDIUM  
Strategic Leverage: LOW
2. Existing energy and environmental services business base  
Comparative advantage: HIGH-MEDIUM  
Strategic Leverage: MEDIUM
3. Existing creative economy business base  
Comparative advantage: MEDIUM  
Strategic Leverage: MEDIUM
4. Existing, diversified technology business base  
Comparative advantage: MEDIUM  
Strategic Leverage: MEDIUM
5. Existing mail order / web order business base  
Comparative advantage: LOW  
Strategic Leverage: LOW
6. **Existing specialty foods business base  
Comparative advantage: HIGH  
Strategic Leverage: HIGH-MEDIUM**
7. **Existing captive insurance business base (are there more services to offer?)  
Comparative advantage: HIGH  
Strategic Leverage: HIGH**
8. Academic medical center  
Comparative advantage: HIGH  
Strategic Leverage: MEDIUM
9. Proximity to and relationship with Canada  
Comparative advantage: HIGH  
Strategic Leverage: MEDIUM

**10. Environmental, “Green Mountain” cache**  
**Comparative advantage: HIGH**  
**Strategic Leverage: HIGH**

11. E-State by 2010 commitment  
Comparative advantage: MEDIUM  
Strategic Leverage: MEDIUM

**12. Quality of life**

- **Recreation**
- **History and culture**
- **Strong community life**
- **Safety / low crime**

**Comparative advantage: HIGH**  
**Strategic Leverage: HIGH**

**Other areas of comparative advantage and / or strategic leverage:**

- Health and wellness products and services
- Adaptability/nimbleness/ resilience to seize an emerging opportunity.
- Innovation...
- Should be a sheet of comparative disadvantages ie., Workers comp. revocation