

MAINE STATE LEGISLATURE

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Annual Report
Department of Economic and
Community Development

January 2010

Thaxter Trafton, Acting Commissioner

www.businessinmaine.com

DECD Statutory Mission

- Encourage ***economic and community*** planning and ***development policies and programs*** of the State and to coordinate these programs and policies within the context of a state economic development strategy.
- Work with municipalities and regional planning and economic development organizations to ***build strong local and regional economies*** and to implement programs and services through these local and regional organizations.
- Encourage the ***creation and retention of quality jobs*** through increased private sector investment.
- ***Enhance the quality of life*** for all by assisting local governments to plan and implement comprehensive community planning and development strategies.

The Role of Economic and Community Development

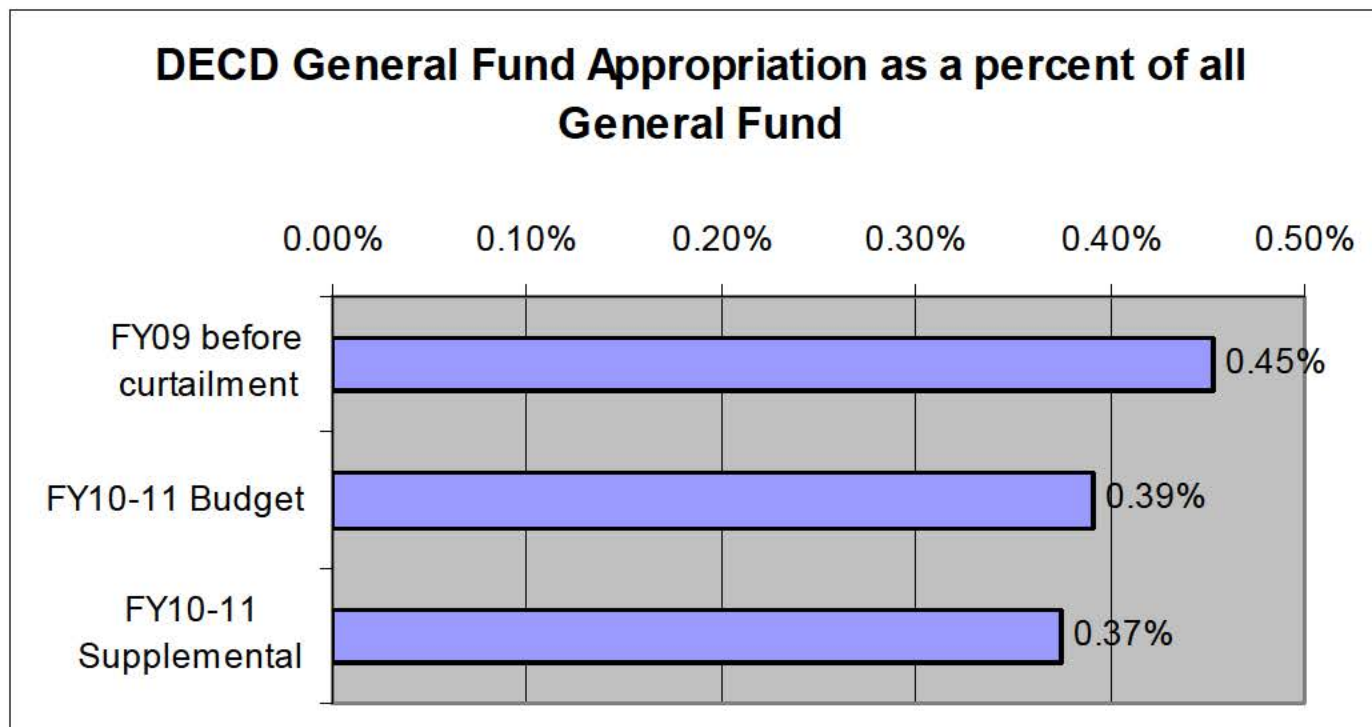
- Help Maine companies start, expand or relocate in order to add good jobs for Mainers and build sustainable communities that can host these companies
 - Provide technical assistance so companies and entrepreneurs can be more productive, innovative and competitive
 - Provide financial assistance and tax incentives so companies can invest in new products, processes, equipment and communities can invest in infrastructure
 - Market Maine to build demand for Maine products and destinations

Key Points

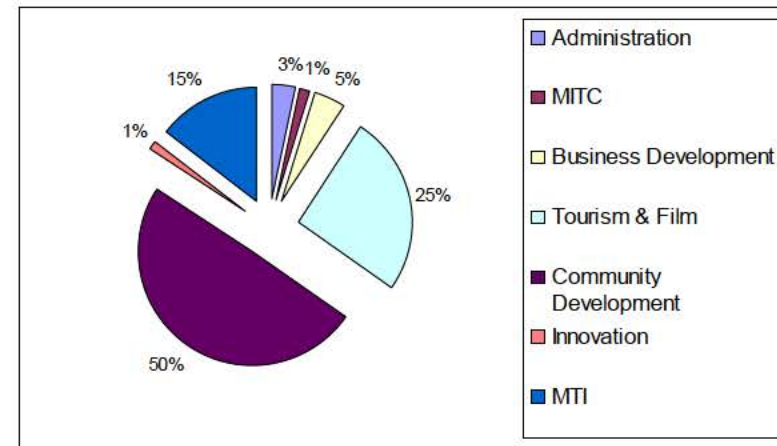
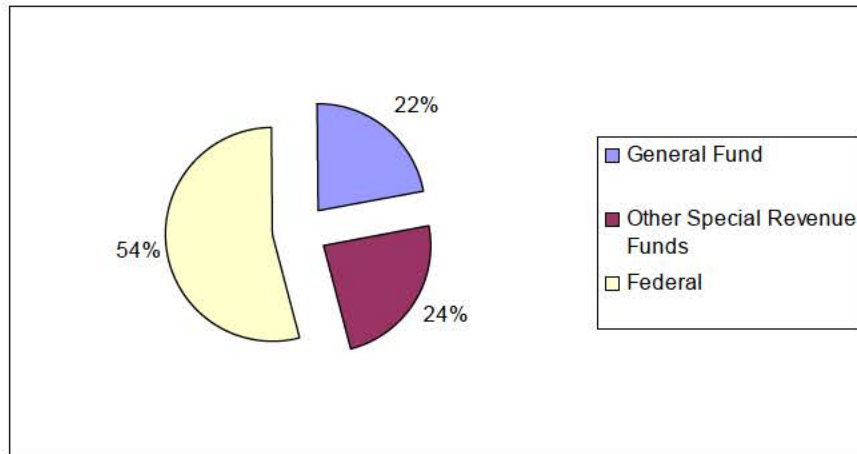
- Economic and community development is the most important investment that a state can make to ensure future economic prosperity.
- At 38 positions and \$12 million/year general funds, DECD is the smallest cabinet-level department.
- DECD general funds leverage over \$85 million in federal funds, and \$800 million in matching funds from our investments.
- Companies and communities that work with DECD grow faster and are more successful than the average.

DECD Budget in Context

- DECD General Fund appropriation as a percent of total General Fund is declining

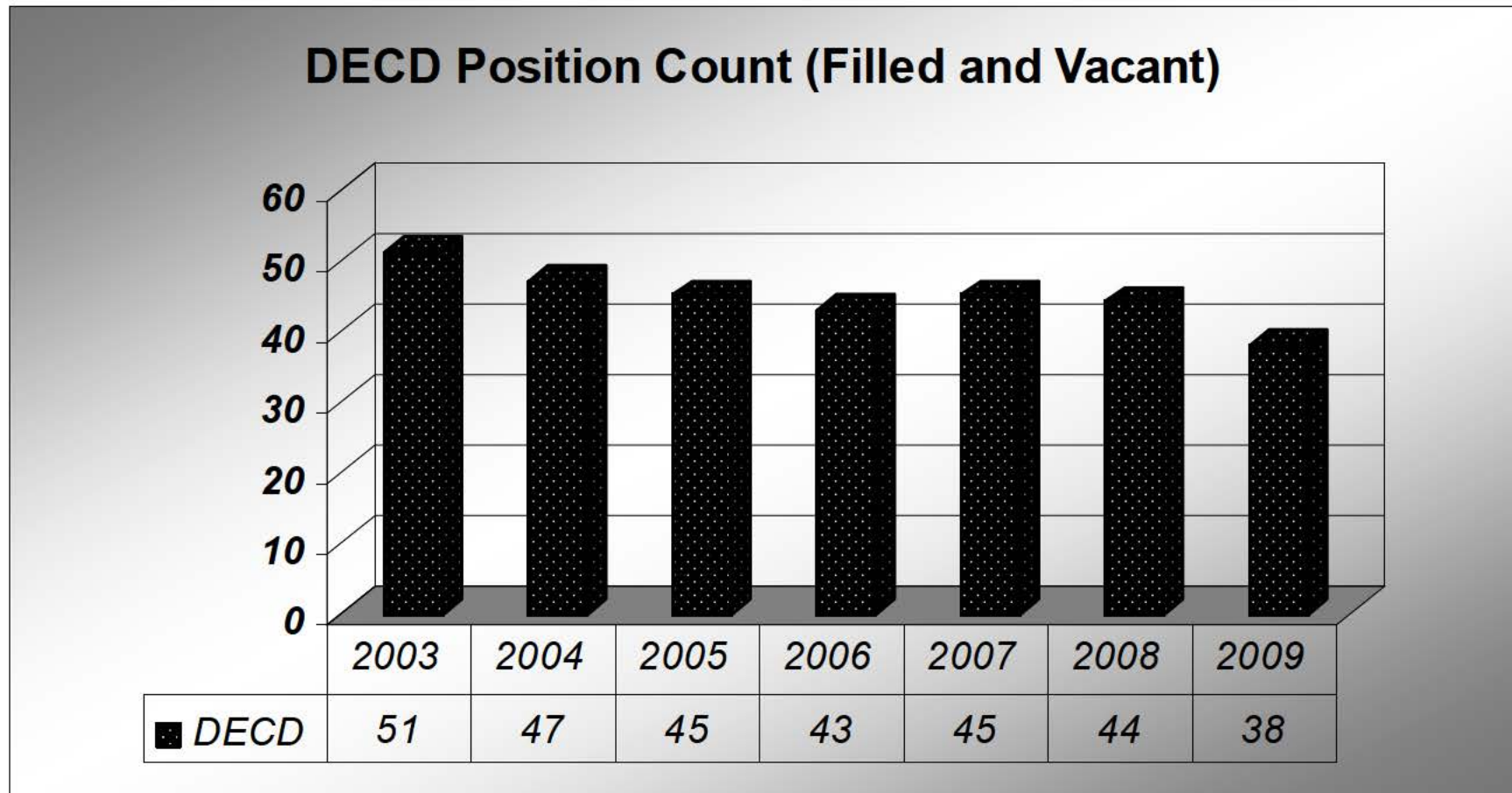


DECD FY2010-11 Budget

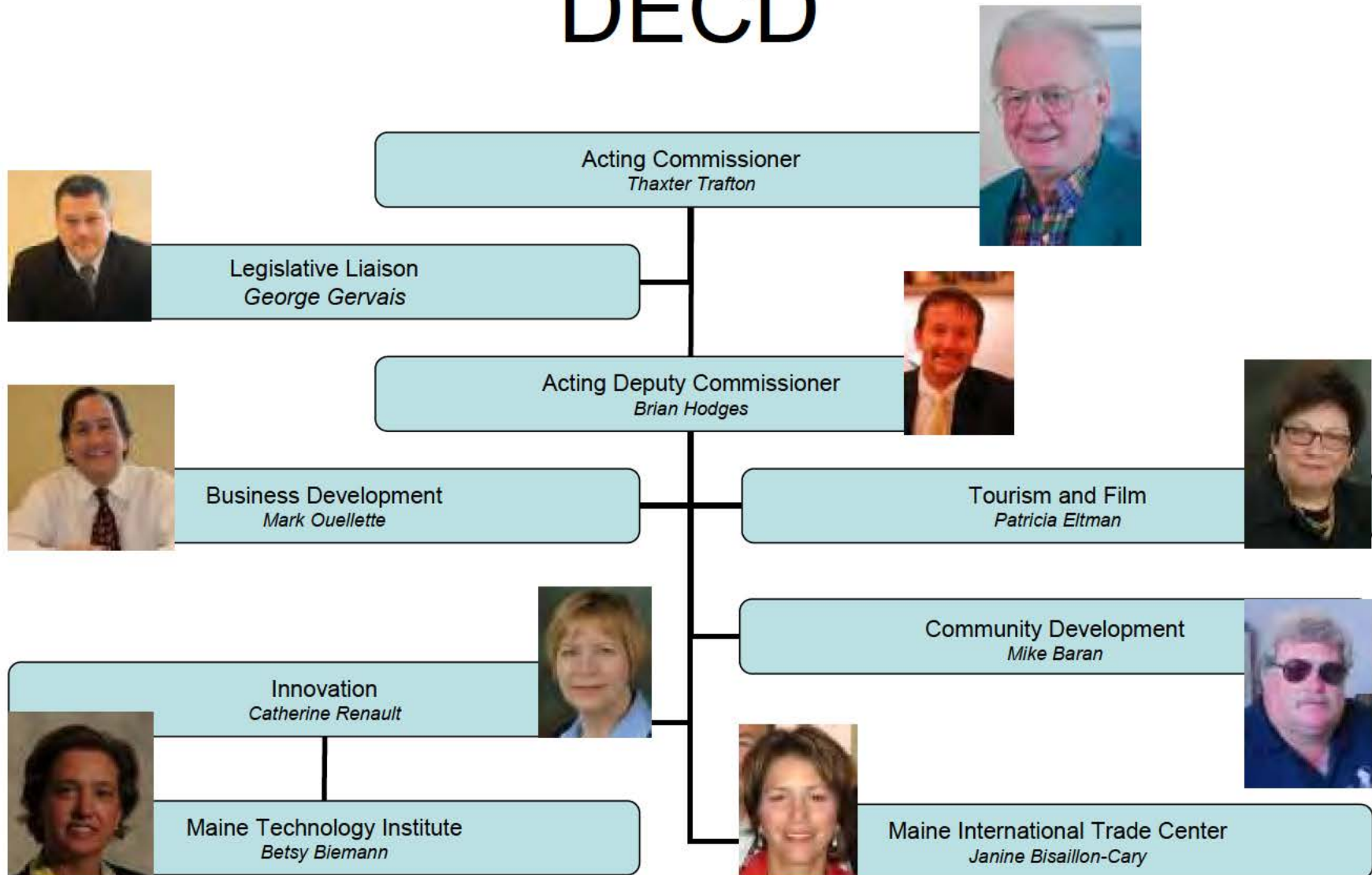


- **Total budget for FY2010-11 is \$111,255,308 (all sources); \$24,782,479 from General Funds (22.3 percent) (before proposed budget reductions)**
- **Uses of funds shown on right**
 - **96% of Community Development are federal funds**
 - **100% of Tourism are special revenue funds**
- **All proposed GF budget FY10-11 cut total \$1,240,347 and lower headcount (-6)**

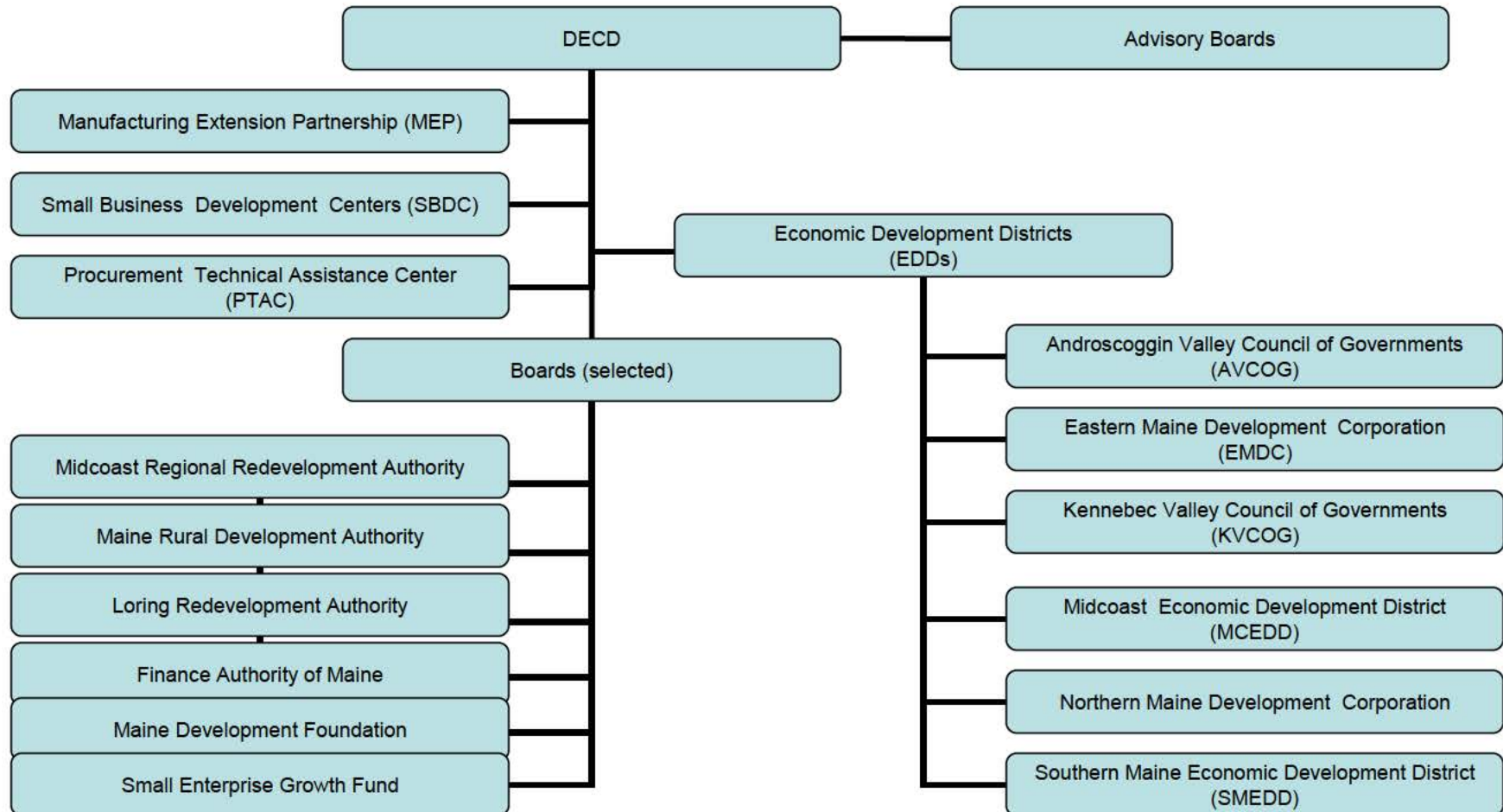
DECD is Smallest State Agency



DECD



DECD's Partners



Old Town Canoe Co.

- Secured company's presence in Maine
- Consolidation of operations for paddle sport brand; new 136,000 sq ft facility which houses distribution, office and manufacturing; more energy efficient
- \$2 million investment; 48 net new jobs
- A comprehensive incentive package
 - \$200,000 CDBG award;
 - \$335,000 workforce training & support;
 - \$694,000 interest-free city loan



Ocean Renewable Power Company (ORPC)

- Portland and Eastport
- 20-22 employees and contractors
 - Partners with close to 30 Maine companies to fabricate, assemble, deploy and maintain their equipment.
- Maine-based developer of tidal power
 - MTI Development Award,
 - MTAF award
 - SBIR Phase I
 - Secured over \$5 million in private investment
- Two prestigious awards at EnergyOcean2009



Photo/Courtesy ORPC



Ocean Energy – A Team Effort

- Ocean Energy Task Force, economic development subcommittee (OOI)
- MTI and OOI
 - Cluster Awards to E2Tech and MCA; close ties to Maine Wind Industry Alliance (MWII)
 - MTAF awards to AEWC for wind blade testing; equipment for ORPC
- EnergyOcean 2009 International conference at Samoset (All)
- Renewable Energy Mission to Europe (MITC)
- DECD will be “front door” for developers for ocean energy (All)



Machiasport

- Liberty Hall – built in 1873
- On Maine Preservation's List of Most Endangered Properties
- Belvedere Restoration in 2007
 - CDBG 2007 – Historic Preservation \$100,000
 - Leveraged \$55,000
- Building Restoration in 2009
 - CDBG 2009 Public Facilities Grant \$350,000
 - Leveraged \$237,500



Shop, Dine & Stay Marketing Promotion

- Instituted in response to the weak tourism season; research indicated more than 60% shopped during their trip to Maine
- Getaway packages increased from 95 to more than 240
- Visitmaine.com saw a sharp increase over the same period last year:
 - Page views: 6,518 to 21,573 230% increase
 - Unique views: 3,360 to 9,937 195% increase
 - Package views: 16,915 to 39,222 132% increase



Commissioner's Office

Mission

- Ensure day to day operations of DECD
- Coordinate the administration's economic development legislative activities
- Create and implement the state's economic development strategy
 - Develop policy in conjunction with Governor's office and Maine Legislature
- Represent the administration on various boards, commissions, and task forces
- Administer tax incentive programs
 - Pine Tree Development Zone (PTDZ)
 - Tax Increment Financing (TIF)
 - Employment Tax Increment Financing (ETIF)

Commissioner's Office

Accomplishments 2009

- Approved and certified
 - 27 TIF districts, total planned investment exceeding \$473 million
 - 87 companies under the Employment Tax Increment Financing program for 4,743 quality jobs created; average cost per quality job created = \$1,253
 - 65 PTDZ businesses with 1,382 anticipated jobs and planned investment exceeding \$146 million
 - Since 2004, 276 businesses certified with 7,937 anticipated jobs and over \$ 673 million in planned investment
- Co-chaired the legislative resolve to require a study of economic development incentives in the Unorganized Territory
- Partnered with Governor's office and legislative oversight committee on the statewide expansion of the Pine Tree Development Zone program
- Conducted one-on-one visits with a diverse population of businesses to directly determine priorities and needed services

Commissioner's Office

Plans for 2010

- Develop and implement updates to the statutory rules for the Pine Tree Development Zone and Tax Increment Financing programs
- Finalize legislative Resolve LD 1154 addressing economic development incentives in the Unorganized Territory and deliver to Taxation committee
- Implement the recommendations from the Governor's Working Group to Increase the Efficiency and Effectiveness of the State Economic Development Delivery System

Office of Business Development

Mission

- Lead office in supporting the expansion, creation, retention, and location of businesses in Maine and the establishment of quality jobs for Maine people
- Effectively team within the office and across regional districts to support businesses in a responsive and resourceful manner
 - The office supports 8 business development specialists located throughout the state
- Market Maine businesses, products & business leaders locally, nationally & internationally

Office of Business Development

Accomplishments 2009

- Administered over \$2.4M in contracts and grants to various economic development organizations, partner agencies and vendors
- Awarded over \$530,000 in Governor's Training Initiative funds to 19 Maine companies, which leveraged \$1.8 million in company contributions
 - 211 new hire trainees and 793 incumbent worker trainees
- Proactively contacted and assisted over 450 companies and economic development organizations via Business Development Specialist network
 - marketed and assisted with company access to tax incentive programs
 - prepared and presented 15 customized business assistance proposals to companies seeking to expand their operations in Maine
- Welcomed an additional 89 companies to the Maine Products Marketing Program (total membership exceeds 2,000)
- Fielded 12,700+ requests for information on starting and operating a business via Business Answers service

Office of Business Development

Plans for 2010

- Pro-actively support Maine's business community through the Business Development Specialist Network
 - Identify additional opportunities for business assistance programs such as Pine Tree Zones, Business Answers, Governor's Training Initiative, and Maine Made Products
- Enhance and streamline the delivery of services to businesses and communities
- Focus communication efforts to the business community through an improved website
- Enhance and expand the Business Development & Tax Incentives database system to support our partner organizations and economic development programs and ensure access to timely information for policy decision-makers and interested parties

Office of Community Development

Mission

- Administer the HUD funded Community Development Block Grant (CDBG) and other State and Federal funds
- Ensure all CDBG funded activities meet 1 of 3 National Objectives
 - Benefit to low and moderate income persons
 - Prevention and elimination of slum and blight conditions
 - Meeting community development needs having a particular urgency
- Assist local governments, via CDBG, to implement programs which
 - Are part of a long-range community strategy
 - Improve deteriorated districts and local economic conditions
 - Provide the conditions and incentives for further investments
 - Foster partnerships in order to address common community and economic development problems
 - Minimize development of sprawl and support the revitalization of downtown areas

Office of Community Development

Accomplishments 2009

- Distributed and administered:
 - \$11,609,217 of CDBG funds in 10 programs to 52 communities leveraging \$20,813,000 in local and private resources
 - \$5,000,000 in Riverfront Community Development Bond funds to 14 communities leveraging \$41,788,839
 - \$1,500,000 in Municipal Investment Trust Funds to 8 communities leveraging \$ 6,513,034
 - \$3,3430,000 in CDBG-R (Stimulus) funding to 9 communities leveraging \$15,348,578 in local and private resources
 - \$19,600,000 in CDBG Neighborhood Stabilization Program funding to address foreclosure problems in identified areas of greatest need in Maine communities.
 - \$3,437,114 of CDBG Disaster Recovery funds to about 100 communities leveraging over \$2,600,000 in local and private resources
- Provided, with regional partners, technical assistance and capacity building to over 104 Maine communities

Office of Community Development

Plans for 2010

- Continue to efficiently administer the CDBG, NSP, CDBG-R, Disaster recovery, Riverfront Community Development and Municipal Investment Trust Fund programs throughout the State of Maine
- Seek an active role as a partner in the Northern Border Commission to improve rural communities
- Develop the program rules and application procedures for the Communities for Maine's Future Bond if that initiative is passed by the voters during the June, 2010 election

Office of Innovation

Mission

- Encourage and coordinate the state's R&D activities
 - Science and Technology Action Plan
 - Maine Innovation Economy Advisory Board
- Science Advisor to the Governor
- Promote, evaluate and support R&D
 - Annual R&D evaluation
- Oversee Maine Technology Institute and Technology Centers
- Jointly administer EPSCoR* activities with University of Maine

*EPSCoR – a federal set aside program for states that have less federally funded research and development

Office of Innovation

Accomplishments 2009

- Completed Science and Technology Action Plan for 2010 with Maine Innovation Economy Advisory Board
- R&D community contributed more than \$2 billion in economic impact to the state, leveraged state investment 1:12
 - Completed 2008 Evaluation of Maine's Public Investment in R&D; 2009 Innovation Index; Comprehensive Economic Development Evaluation
 - Award for Excellence in Evaluation from Council for Community and Economic Research
- \$20,000,000 in new EPSCoR Funds in 2009
- Revised legislation, rules for Technology Centers; awarded 3 competitive grants
- Information Technology and Ocean Energy Cluster Initiatives
- Broadband Strategy Council: \$25.4 million awarded for broadband projects from ARRA funds;
- Completed report for LD 1186 Resolve on regulatory issues.

Office of Innovation

Plans for 2010

- Start implementation of Science and Technology Plan; draft legislation and programs
- Cluster Initiatives
 - Complete Phase I BRAC-IT activities by 1 March; identify follow-on scope and funding
 - Ocean Energy activities ongoing – DECD state lead
- Broadband Strategy Council, 2nd round of ARRA proposals
- New initiatives for Tech Centers
- June 2010 Economic Development Bond (SEGF, MTAF and BNAS)

Maine Technology Institute

Mission

- Fund technology development at Maine companies in the seven targeted sectors. Projects bring new products, services, and processes to market, sustaining and generating quality jobs across Maine.
- Grow Maine's high-potential technology clusters.
- Manage competitive Maine Technology Asset Fund, the State's \$50 million bond program moving technologies from research to market and boosting Federal research funding in Maine. MTAF finances equipment purchases and facilities construction and renovation, leveraging 1:1 in matching funds.
- Governor-appointed board of industry leaders and key public agencies.

Maine Technology Institute

Accomplishments 2009

- Funded 142 awards, totaling over \$56.6 million, leveraging an additional \$93 million in matching funds.
 - Maine Technology Asset Fund Awards: 28 awards approved totaling \$50 million and matched by over \$70 million in matching funds. 25 award contracts executed as of December 2009 with 3 additional award recipients requesting extensions to meet conditions of award.
 - Seed Grants: 126 grants totaling \$910,000, matched by \$1.4 million.
 - Development Awards: 8 awards totaling \$2.7 million and matched by nearly \$3 million.
 - Accelerated Commercialization Fund: invested \$475,000 in 4 firms.
 - Phase 0 and Pre-Phase II Matching Grants: 8 awards approved, totaling over \$43,460 matched by company contributions just over \$140,000.
- 2009 independent evaluation notes that for every \$1 of MTI awards, more than \$14 in private and public financing is leveraged.

Maine Technology Institute

Plans for 2010-2013

- Accelerate the success of MTI-funded companies by providing support directly and via partners as they develop new technologies, commercialize them, and access the capital that they need to grow.
- Help Maine's high-potential technology clusters grow by funding ambitious cluster initiatives and leveraging networks, knowledge and resources in support of their growth.
- Continue to find more cost effective ways to deliver MTI's independent, rigorous and competitive programs with its responsive, customer-service oriented style.

Maine International Trade Center

Mission

- MITC is a public/private 501(c)(3) organization funded through DECD and member companies to promote the expansion of Maine's economy through increased international trade in goods, services, and related activities
- Provides international trade assistance and consulting services to Maine's businesses, educates Maine companies through its Trade Education Series of seminars and workshops, and helps Maine industries develop their international sales and linkages through State of Maine trade and industry missions
- MITC has a staff of 9 consisting of 6 trade specialists with 60+ years of international trade experience, fluency in six languages, and business experience in over 28 countries, servicing Maine's businesses state-wide
- Offers global exposure to Maine's small and medium sized businesses

Maine International Trade Center

Accomplishments 2009

- Hosted 14 statewide trade education programs with 686 attendees including Maine International Trade Day at the University of Maine
- Responded to over 1,200 individual Maine inquiries for international market research and trade assistance
- Led 5 overseas trade events in Europe, Vietnam and the United Arab Emirates with 32 Maine participants resulting in a record \$27 million in export sales
- Coordinated the Maine Renewable Energy Mission to Europe including:
 - Participation of 23 Maine businesses and educational institutions
 - 110 business matchmaking meetings resulting in \$21 million in sales
 - Successful Executive Briefings for potential Spanish & German investors

Maine International Trade Center

Plans for 2010

- Renewable energy initiative – working with trade mission contacts to foster European investment in Maine's renewable energy sector
- StudyMaine initiative – working with Maine's secondary and post-secondary institutions to position Maine as a premier destination for foreign students
- Hosting a number of critical Trade programs including:
 - Hydro-Quebec and the Eastern Canadian Energy Dynamic
 - Attracting Indian Students to Maine's Schools
 - Trade Day 2010: *Trade & Manufacturing – Strategies for Global Success*

Office of Tourism

Mission

- Serve as the state's customer focused travel marketing organization with a core responsibility of presenting the activities and amenities of Maine that are most integral to the target markets' decision making process
- Position Maine as a world-class, four season tourist destination
- Maximize the value of each visitor by encouraging longer trips with deeper excursions into the less traveled areas of the state
- Return at least \$2 in tax revenue for every \$1 invested in tourism
- Increase Maine's share of the New England travel market and secure it by maintaining positive awareness and high levels of repeat visitors
- Expand Office of Tourism-private industry partnerships

Office of Tourism

Accomplishments 2009

- Assisted 81 U.S. and international media and travel trade familiarization tours
- Provided each tourism region with a research report
- Distributed a total of \$949,000 in dedicated marketing funds to the 8 tourism regions
- Hosted the Discover New England Tourism Summit and Marketplace attended by nearly 70 international tour operators and international media.
- Increased the number of visitors to the award winning www.visitmaine.com, by 15%.
- Visitmaine.com was selected as a 2009 Gold Travel Weekly Magellan Award Winner in the Destinations category and won the Interactive Media Award Best in Class Award.
- The Maine Office of Tourism 2009 Spring/Summer TV spot -- “Summertime Was Made For Maine” -- was awarded a Gold Adrian Award for consumer television by the Hospitality Sales & Marketing Association International (HSMIAI).
- Built a fan base through Facebook and Twitter

Office of Tourism

Plans for 2010

- Continue to enhance www.visitmaine.com focusing on a unique and quality content strategy
- Move to a more retail based marketing strategy
- Continue to examine and expand social media structures
- Develop targeted marketing with a specific focus on follow-up through personalized direct and email program
- Guide the development of a hospitality training program and work with the education infrastructure in Maine.
- Develop a strategy to increase the meeting and events travel segment of the market, as well as destination weddings.

Maine Film Office

Mission

- Enhance our economy by facilitating and promoting film, television, photographic and emerging-media production in Maine
- Market Maine as a location for film, television, photographic and emerging-media projects
- Help producers find the right locations, crews, equipment and public assistance for their projects; prepare communities and property owners for upcoming productions
- Produce an extensive online service including the Maine Film Office Online Production Guide, an interactive website of information, services and production professionals (www.filminmaine.com)
- Work to improve and expand Maine's indigenous visual-media production industry

Maine Film Office

Accomplishments 2009

- Managed the Maine Attraction Film Incentives program, which assisted 23 projects spending \$2,938,225 in Maine. Maine wages account for \$2,865,029 of the total.
- Worked with at least 64 media productions including feature films, commercials, catalogs and photography projects.
- Continued to expand an online service that allows producers and location scouts to search for information and photographs of hundreds of Maine locations.

Maine Film Office

Plans for 2010

- Oversee the Maine Attraction Film Incentive Program and help local and out-of-state companies use the incentives
 - Assist and track production companies with upcoming or proposed productions in Maine.
- Develop Reel Scout photographic files to reflect current images of Maine towns and specific locations
- Supply statistics and support to the visual media production sector, working to create more competitive production incentives for Maine.
- Assist Maine filmmakers in finding exposure for their work through festivals competitions and other programs
- Create public relation projects and advertisements to enhance Maine's position as a visual media production location

Department of Economic and Community Development

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