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2010 Annual Report: Department of Economic and Community Development

Maine Department of Economic and Community Development

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2010 Annual Report

Department of Economic and Community Development

Philip A. Congdon, Commissioner

www.businessinmaine.com



The Role of Economic and Community Development

DECD helps *Maine companies start, expand or relocate* in order to add good jobs for Maine people 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



DECD Statutory Purpose and Establishment

§13052. Purpose

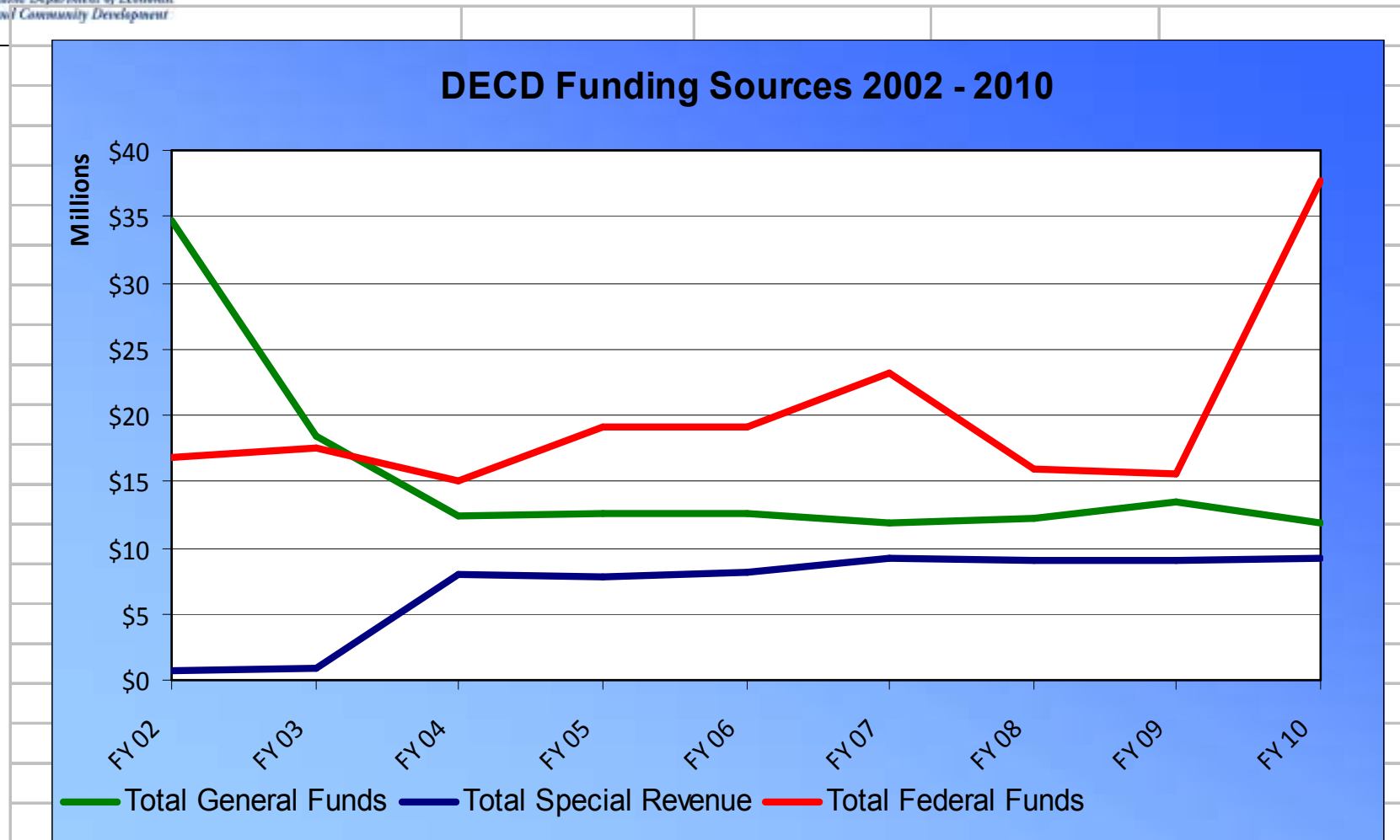
- ***The Legislature finds that the decentralization of economic growth and development programs among several state agencies*** without any coordination of programs and agencies and without coordination with the State's municipal and regional economic efforts ***is not in the best interest of the State.*** The Legislature further finds that ***the State's economic development programs and policies and the economies of municipalities and regions mutually affect each other.*** [1987, c. 534, Pt. A, §§17, 19 (NEW).]
- For state economic growth and development policies and programs ***to realize the greatest possible degree of effectiveness,*** it is necessary to coordinate these policies and programs on the state level, as well as with local and regional levels. ***It is necessary to formulate and implement economic development policies and programs that are consistent with an economic development strategy for the State.***

§13053. Establishment

- The Department of Economic and Community Development is ***established to 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. The department is also established to work with municipalities and regional planning and economic development organizations to build strong local and regional economics and to implement programs and services through these local and regional organizations. [1987, c. 816, Pt. P, §6 (AMD).]
- ***The department shall encourage the creation and retention of quality jobs through increased private sector investment and to enhance the quality of life for all*** by assisting local governments to plan and implement comprehensive community planning and development strategies.



DECD Funding Sources



2010 Federal Fund Increases were part of an increase provided by the American Recovery and Reinvestment Act (ARRA). Office of Community Development Staff managed the additional funds with existing staff resources, maximizing the positive impact on Maine communities.

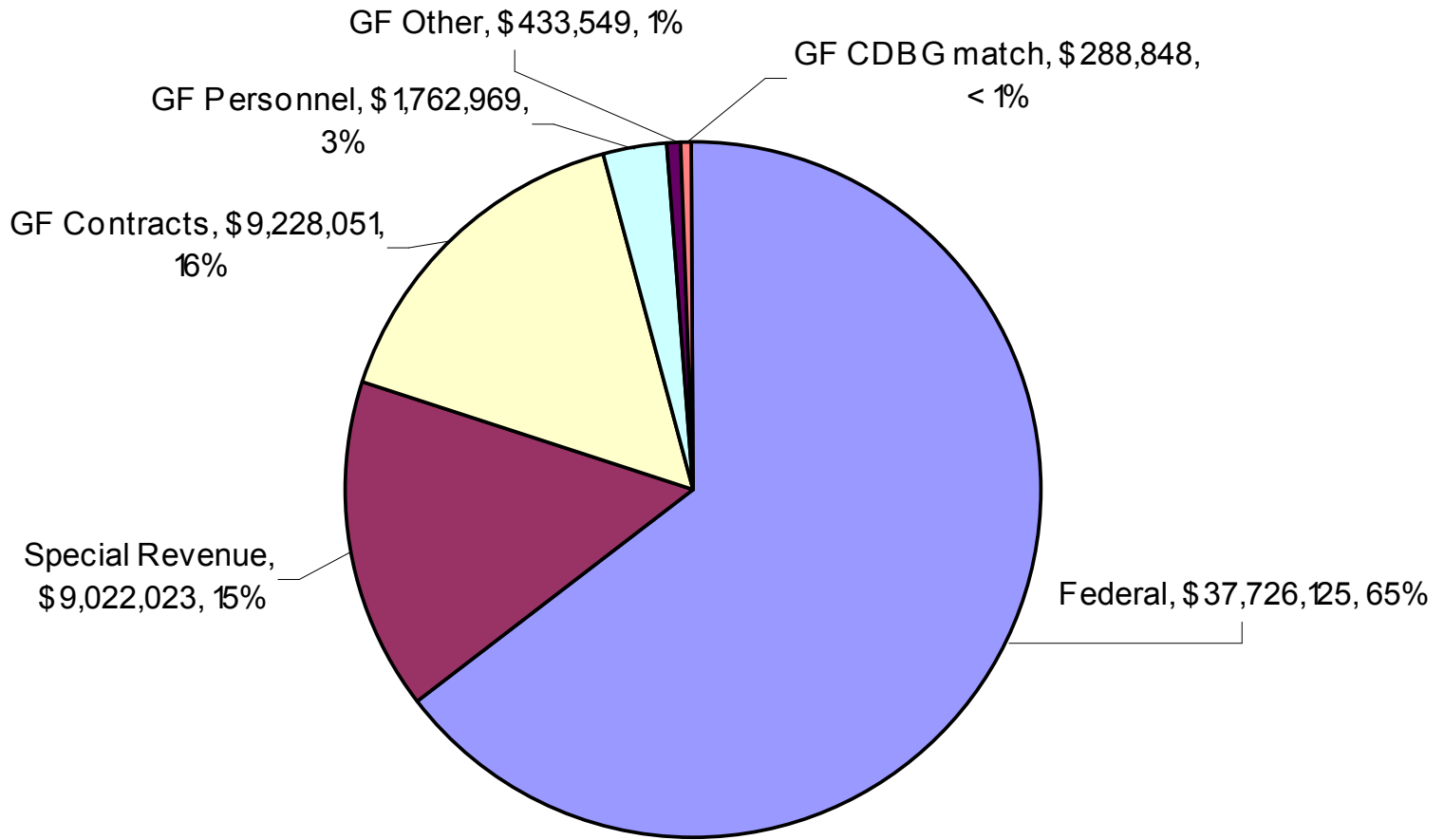


Responsibilities and Funding

- Management of the federal CDBG Program for Maine (\$37 million in FY10 Federal funds)
- Marketing the State's tourism and film resources (\$9 million of FY10 Special Revenues)
- Coordinating and providing business assistance, grants and marketing to support and grow Maine businesses, and administering several business incentives. (\$11.8 million of FY10 General Funds)

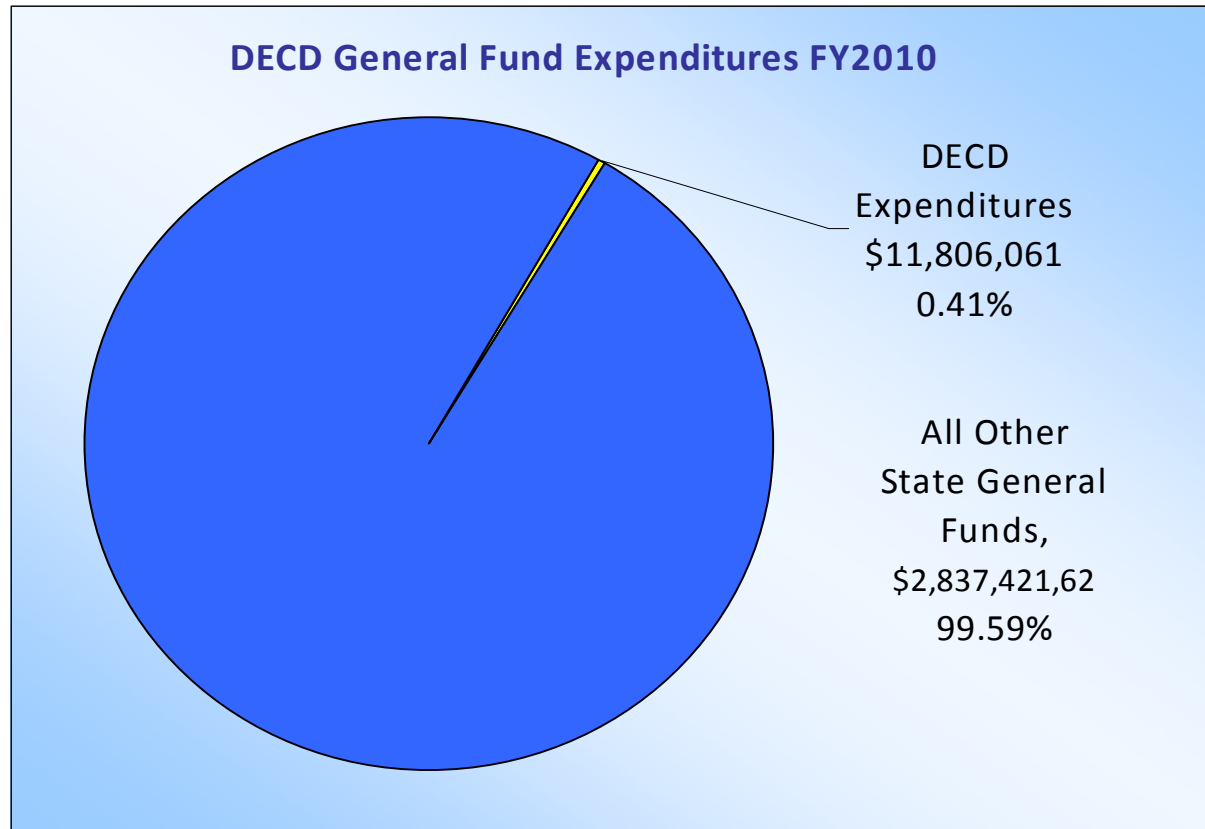


FY10 Budget Composition





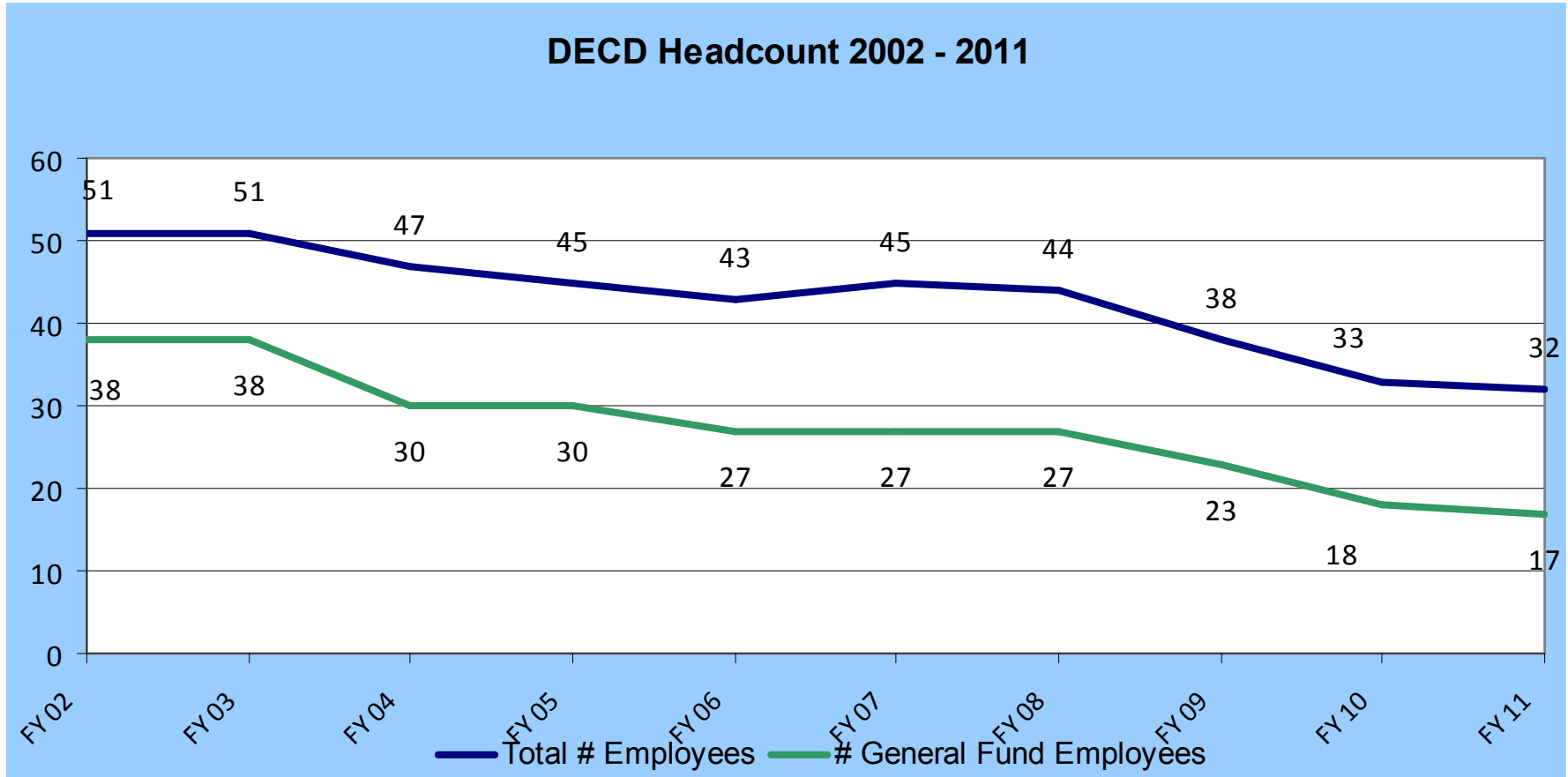
DECD General Fund Budget in Context



DECD receives less than ½ of 1% of state general fund outlays.



Department Staffing





Major Department Activities in CY10

- Reorganized Office of Business Development
 - ✓ *5 State Business Development Field Staff Positions Eliminated*
 - ✓ *State now contracts with regional Economic Development Districts for field services.*
 - ✓ *Office of Business Development conducted statewide economic development training, coordination, and support to regional/local development staff.*
- **Statewide Pine Tree Development Zone** undertaken within existing staff resources
- Collaborated with the Governor's Office and Maine State Chamber of Commerce to plan and conduct **2010 Governor's Jobs Summit**
- Community Development stimulus money allocated within existing staff resources
- Maine Film Office merged with Maine Office of Tourism, funded through special revenues
- Provided testimony and informed interested parties on legislation having a direct impact on economic development
- Redesigned DECD website launched; bringing consistency, improved usability, and cost savings
- Social media presence established and heightened



Planned Initiatives for CY11

- Provide an Ombudsman function to guide businesses through regulatory process
- Create the State's economic development strategy, including workforce development matters, from which all related policy, programs, and decisions are born
- Benchmark Maine's economic development practices and identify needed improvements
- Launch a strong program to recruit businesses nationally and internationally
- Implement online filing of Employment Tax Increment Financing (ETIF) reimbursements and Pine Tree Development Zone (PTDZ) annual reports



Office of Business Development

Mission

- Lead the effort to create business start-up, growth, expansion and retention to increase quality employment opportunities for Maine citizens
- Partner effectively within DECD and across regional economic districts to support businesses with available resources in a responsive and effective manner.
 - The office supports nine business specialists located regionally throughout the state
- Market Maine businesses, their products, services and people locally, regionally, nationally and internationally
- Recruit national and international employers to Maine



Office of Community Development

Mission

- Administer the HUD funded Community Development Block Grant (CDBG) program and other State and Federal funds
- Ensure all CDBG funded activities meet 1 of 3 National Objectives
 - Benefit low and moderate income persons
 - Prevent and eliminate slum and blight conditions
 - Meet 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 Tourism & Film

Mission

Tourism

- Serve as the state's customer focused travel marketing organization
- Present the activities and amenities of Maine that are most important to the tourism market
- Position Maine as a world-class, four season tourist destination
- Return at least \$2 in tax revenue for every \$1 invested in tourism

Film

- Enhance our economy by facilitating and promoting film, television, photographic and emerging-media production in Maine
- Help productions find the right locations, crews, equipment and public assistance for their projects; prepare communities and property owners for upcoming productions



Office of Innovation

Mission

- Encourage and coordinate the state's Research & Development activities
 - Science and Technology Action Plan
 - Maine Innovation Economy Advisory Board
- State Science Advisor
- Promote, evaluate and support R&D
 - Annual R&D evaluation
- Manage the Technology Center Funding Program
- Jointly administer EPSCoR* activities with University of Maine
- Represent DECD on the Maine Technology Institute board

*Maine Experimental Program to Stimulate Competitive Research (EPSCoR) – a federal set aside program for states that have less federally funded research and development



Maine Technology Institute

Mission

MTI invests in innovation for a prosperous Maine:

- Funds and assists Maine companies to develop technologies and bring them to the market, enabling them to create and sustain good jobs across Maine.
- Enhances the competitive position of Maine's technology clusters through funding and supporting industry-driven initiatives.
- Manages the \$53 million state bond funded Maine Technology Asset Fund that funds companies and research institutions, enabling them to bring technology from development to the market and leverage private and public investment.

MTI is overseen by a Governor-appointed board made up of ten industry leaders and five public/education agency representatives.





Maine International Trade Center

Mission

- MITC is a public/private 501(c)(3) organization funded by DECD and the private sector to promote the expansion of Maine's economy through increased international trade in goods and services
- Provide international trade assistance to Maine's business community through direct research and consulting services, educational programming, and overseas activities including trade missions and trade shows
- Staff of 8 has a wealth of public and private sector experience in Europe and Asia, fluency in multiple foreign languages, and serve's the state's business community from offices in Portland and Bangor
- The Trade Center's Future Global Leaders internship program annually offers 10-12 college or university students interested in a career in international business an intensive, hand-on educational experience with Maine companies.
- Invest in Maine and StudyMaine initiatives specifically seek to attract companies in renewable energy and composites, as well as international students, to the state.



GF Funded Organizations – FY10

- Maine Technology Institute (MTI) - \$6,969,813
- Maine Small Business Development Centers (Maine SBDC) - \$ 690,478
- Maine Manufacturing Extension Partnership (Maine MEP) - \$ 529,722
- Maine International Trade Center (MITC) - \$ 521,852
- Loring Development Authority (LDA) - \$ 200,000
- Economic Development Districts (EDDs) \$ 185,000
 - Androscoggin Valley Council of Governments (AVCOG)
 - Eastern Maine Development Center (EMDC)
 - Greater Portland Council of Governments (GPCOG)
 - Kennebec Valley Council of Governments (KVCOG)
 - Mid Coast Economic Development District (MCEDD)
 - Northern Maine Development Commission (NMDC)
 - Southern Maine Economic Development District (SMEDD)
- Maine Procurement Technical Assistance Center (Maine PTAC) \$ 94,650



Appendix

Accomplishments by division for CY10



Office of Business Development

Accomplishments CY10

- Approved and certified
 - *13 Tax Increment Financing (TIF) districts, across 12 municipalities, total planned investment exceeding \$59.6 million; 19 amendments to existing districts*
 - *48 Pine Tree Development Zone / Employment Tax Increment Financing businesses with 1,677 anticipated jobs and planned investment exceeding \$153 million (51% increase in anticipated jobs and 21% increase in anticipated investment over 2009)*
 - *Since 2004, 336 businesses certified with over 9,400 anticipated jobs and over \$980 million in planned investment*
 - *Reimbursement of \$6,276,107 for 82 companies under the Employment Tax Increment Financing program with 5,561 quality jobs created. The average cost per quality job created = \$1,129 (17% increase in jobs over 2009, and a 10% lower cost per job created)*
- For every \$1 awarded by Governor's Training Initiative, the company on average matches an additional \$10
- Business Answers Program fielded 11,460 requests for information on starting and operating a business
- Maine chosen to host ENERGY OCEAN in June 2011, the premiere global ocean energy event attracting global investors, financiers, technologists and policy makers, based on success of 2009 event in Rockport.



Office of Community Development

Accomplishments CY10

- Distributed and administered:
 - √ *\$11,682,091 of CDBG funds in 10 programs to 78 communities leveraging in excess of \$10,904,282 in local and private resources*
 - √ *\$1,189,799 in Riverfront Community Development Bond funds to 9 communities*
 - √ *\$362,500 in Municipal Investment Trust Funds to 2 communities*
 - √ *\$2,780,053 in Community Development Block Grant Recovery Funds (CDBG-R) to 9 communities*
 - √ *\$962,178 in CDBG Disaster Recovery funds leveraging \$1,250,000*
 - √ *\$6,282,733 in CDBG funds under HUD's Neighborhood Stabilization Program*
 - √ *Awarded \$1,000,000 in Brownfields Revolving Loan Funds by U.S. Environmental Protection Agency*
- Provided, with regional partners, technical assistance and capacity building to more than 100 Maine communities



Office of Innovation

Accomplishments CY10

- R&D community contributed more than \$1.6 billion in economic impact to the state in 2009. State investments including Maine Technology Institute, Technology Centers, leveraged state investment 1:12
 - √ *Completed 2009 Evaluation of Maine's Public Investment in R&D; 2010 Innovation Index; Economic Impact Analysis by Cluster*
- Completed Science and Technology Action Plan for 2010 with Maine Innovation Economy Advisory Board
 - √ *Maine Innovation Economy Summit, May 2010*
 - √ *Policy Analysis of Maine R&D Tax Credits*
 - √ *\$20 million Fund of Funds bill enacted*
- Completed Maine Information Technology project on Low-cost Domestic Sourcing across the country
- Contributed to Ocean Energy supply chain build-out
 - √ *Ocean Energy Task Force report completed; follow-on legislation enacted.*



Office of Tourism

Accomplishments CY10

- Assisted 68 U.S. and international media and travel trade familiarization tours
 - √ *Resulted in nearly \$20 million in advertising equivalency (the amount the state would have had to pay for advertising for that amount of coverage).*
- Organized informational meetings in each of the eight tourism regions
 - √ *Presentations were given by MOT and its contractors on advertising, web development, public relations and research program.*
- Distributed a total of \$949,000 in dedicated marketing funds to the 8 tourism regions, and 3 special events supporting tourism promotional efforts.
- Enhanced “Shop, Dine and Stay” campaign to specifically market Maine Made.
 - √ *The campaign highlighted “Maine Getaways” packages across the state for holiday shopping.*
- Increased the number of visitors via search engine to the award winning visitmaine.com by 8.5% in CY10.
- Initiated Facebook advertising campaign that reaches more than 13,000 fans daily.
- Collaborated with other state agencies on marketing initiatives
 - √ *IFW and industry partners for a refreshed website Fishing Feature; DOC on Maine State Parks 75th Anniversary; and, DOT on Explore Maine by Bike.*
- Enhanced web with rich media-video content for shopping, skiing, snowboarding, snowmobiling, maple sugaring, fishing and specialty Maine products.
- Working with industry professionals to develop a strategy to attract major sporting events as an additional economic development tool for regions throughout the state.
- Completed and distributed the Task Force report on the Maine Nature-based Tourism Initiative.



Maine Film Office

Accomplishments CY10

- Managed the Maine Attraction Film Incentives program
 - ✓ *\$113,723 in incentives leveraged \$3.4 million of media-production spending resulted in \$948,000 of wages for Maine residents.*
- Worked directly with 67 media productions including feature films, film commercials, catalogs and commercial photography projects.
 - ✓ *46 projects worked in Maine, spending over \$7.7 million*
- Updated and added 64 listings to the Maine Production Guide: www.filminmaine.com is the film office's principle marketing and assistance tool for productions working in Maine.
- Expanded the location photograph library and developed a social media presence.
- Assisted with rewriting and presenting the Maine Media Production Incentives
 - ✓ *Made the program more accessible to small Maine companies by lowering qualifying expenditure requirements*
 - ✓ *Allowed application for single projects, which helps small producers get a head start.*



Maine Technology Institute

Accomplishments CY10

- 128 MTI Awards Approved: \$14,350,000
 - √ *Business Innovation Program Grants and Loans – 94*
 - √ *Cluster Initiative Program Grants – 4*
 - √ *SBIR Program Grants – 20*
 - √ *Maine Technology Asset Fund Awards – 10*
- Matching Funds Leveraged by New Awards: \$25,600,000
- MTI Disbursements: \$19,347,589
- Greater connection of MTI awardees with commercialization support and cluster initiative best practices.
- Stepped up outreach via workshops, webinars, website and social media.
- Won national award for MTI's implementation and early impact of the Maine Technology Asset Fund, funded by \$53 million in state bonds.
- Evaluation shows \$1 awarded leverages over \$14 of follow-on financing.
- Consistently ranked highest as “critically important assistance” by companies.





Maine International Trade Center

Accomplishments CY10

- Provided trade assistance to 1217 individual Maine business inquiries; 713 individuals participated in MITC's statewide trade education seminars, including Maine International Trade Day in Rockport.
- Coordinated Maine booths at overseas trade shows including: the Gulfood Show in Dubai, GLEE Outdoor Living Show in U.K., MEDICA Life Sciences show in Germany, and the Eastern Trade Council Trade Mission to Turkey.
- Launched the "Invest in Maine" foreign investment initiative targeting foreign business attraction in the Renewable Energy and Advanced Materials fields, which included: contracting Investment Attaché Annette Bossler; hosting investment groups from Spain, Germany, Norway and France; executed investment meetings and outreach in South Korea, Germany, Japan, and the AWEA Wind energy shows in Texas and New Jersey.
- Launched "Study Maine" foreign student attraction program helping Maine colleges and secondary schools get connected internationally which included: a trade mission to Turkey; construction and launch of internationally marketed StudyMaine web portal; and a "Marketing to India" education seminar.