DECD 2003 Highlights

Maine Department of Economic and Community Development

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2003 HIGHLIGHTS

DECD
Maine Department of Economic and Community Development

L I V E • W O R K • P L A Y
Mission Statement

“DECD’s mission is to improve the quality of life for all Maine people through effective programs in business, tourism and community development, and through policies that advance the state’s position in the global economy.”

Whenever possible, DECD will use its resources and all others available to assist:

PEOPLE
By providing opportunities for physical, emotional, educational, economic and social growth to individuals, with particular focus on persons of low to moderate income.

COMMUNITY
By assisting in improving the public infrastructure and services to enhance quality of life, orderly growth and preservation of local history and natural resources.

ECONOMY
By assisting in the development and implementation of an environmentally friendly, long-range plan to retain business and attract new businesses, create jobs and provide economic stability on a local, regional and statewide level.

MAINE
By developing a comprehensive promotional campaign that focuses on Maine’s quality of life, its strong sense of community, stable economy and natural historic treasures.

Organizational Chart
I am very pleased to present you with the Department of Economic and Community Development’s 2003 annual “Highlights” report. It showcases our accomplishments and those of our related affiliates, and illustrates how diverse our services are to the needs of Maine communities and businesses.

During the past year, we remained committed to our goals of investments in:

- communities, by awarding more than $17 million in Community Development Block Grants;
- supporting growth to existing and new businesses by delivering project services to over 1,200 companies; and,
- the promotion of Maine as a wonderful destination to live, work, and play, by awarding over $500,000 in tourism marketing funds.

In addition, the passage of a $60 million economic development bond package, which included $45 million for research and development, and the establishment of the Pine Tree Development Zone program are two significant economic development tools that will assist our department with enhancing business prosperity and improving the quality of life for all Maine citizens. With these tools in place, we are confident that 2004 will be a very good year for growth in the Maine economy.

Economic development in Maine can be difficult, but we believe we can meet the challenges by working together with our many statewide partnerships. Our committed staff will continue to carry out Governor John Baldacci’s economic development strategies for bringing prosperity to all areas of the State of Maine.

Sincerely,

Jack Cashman
The Office of the Commissioner has numerous functions and is responsible for the day-to-day operations of the entire department. In addition to managing the Department of Economic & Community Development’s (DECD) budget, the office is responsible for human resources, information systems and facilities management.

The office coordinates the administration’s economic development legislative activities, oversees the state’s economic development strategy and develops policy in conjunction with the Governor’s Office and the Maine Legislature. The office also represents the administration on various boards, commissions and task forces.

Major programmatic functions of the office include the administration of the state’s Tax Increment Financing (TIF), Employment Tax Increment Financing (ETIF), Pine Tree Development Zone Program, and other tax-based economic development programs.

The Pine Tree Development Zone Program was created by Governor Baldacci and funded by the Maine Legislature for fiscal year 2004. The program offers a combination of powerful tax incentives to spur economic development in areas with high unemployment and/or low wages. Over the summer and fall, the office worked in conjunction with regional economic development organizations to identify specific parcels of land to be included in each of the eight designated zones. The office developed rules and processes for the administration of the program.

In June 2003, Maine voters passed a $60 million economic development bond package. Of this amount, DECD will administer $32 million in funding for investments in municipal infrastructure, biomedical and marine research, and the Applied Technology Development Center (ATDC) system.

The office, in conjunction with the Governor’s Office, developed a new economic development strategy reinforcing Governor Baldacci’s top priority to increase economic opportunity for the people of Maine. The comprehensive strategy includes the creation of a fair and stable business environment, investment in the people of Maine, focus on key sectors of the Maine economy, and building our infrastructure.

The office approved 12 new TIF districts in 10 communities, with total planned investment of $247 million. In addition, the office consulted on and approved ETIF development programs for three employers with the expected creation of 680 jobs and more than $14 million in new payroll, and nearly $178 million in planned project investment.
Additional individual ATDC highlights include:

- The Center for Environmental Enterprise (CEE) graduated two firms to new locations in Portland (Holy Terra Products, Inc.) and Millinocket, (Brims Ness Corporation). CEE firms and graduates raised $2.3 million in early stage capital in 2003.
- The Thomas M. Teague Biotechnology Center of Maine became home for the International Northeast Biotechnology Corridor.
- Loring Applied Technology Center hosts three tenant clients, and has introduced an Affiliate Program.
- The Maine Aquaculture Incubators are fully occupied in their Franklin and Walpole facilities, with two resident clients at the Franklin facility and one at Walpole. Construction work in Franklin will offer expanded facility space in late spring 2004.
- River Valley Technology Center in Rumford started construction at its 64,000 square foot facility, with a schedule that will put Phase One spaces in operation in June 2004.
- The Composite Technology Centers have awarded a construction contract for a wood composites-oriented facility in Greenville, combining the economic development bond, federal, local and Community Development Block Grant (CDBG) funding.
- The Target Technology Center in Orono graduated its first client, FoxTech, a computer graphics design firm that has begun operations in Ellsworth.
The Office of Community Development (OCD) provides financial and technical assistance to communities in Maine to enhance community development, planning activities, and economic development. Typical activities include: funding and technical support to construct public facilities, enhancing public infrastructure, financing economic development initiatives, and improving substandard living conditions. The Community Development Block Grant (CDBG) program, funded through the U.S. Department of Housing and Urban Development (HUD), allows communities to initiate projects that would not be feasible otherwise.

During 2003, 83 projects were awarded CDBG funding totaling more than $17 million dollars. Monetary awards ranged from a $400,000 Downtown Revitalization Grant to a $7,000 Community Planning Grant, spanning each of Maine’s 16 counties.
Funding:

- The OCD completed the final home in the Rural Somerset County Replacement Housing Program. As a result of a $500,000 DECD grant from HUD’s Rural Housing Economic Development program and partnerships with Maine State Housing and Kennebec Valley Community Action Program, 13 low-income families in Somerset County received new homes.

- The OCD allocated CDBG funds to five Community Action Programs (CAP) throughout the state to create a regional delivery system of housing rehabilitation funds. Due to the rural nature of the state, many communities do not have the capacity to apply for CDBG funds; therefore, citizens in those communities are not able to seek the benefits of the program. By arranging disbursement on a regional basis, low-income citizens living in communities that do not receive CDBG Housing Assistance funds are now able to apply for housing rehabilitation funds at one of the five designated CAP agencies throughout the state.

- In December, DECD announced that $10.3 million from the Municipal Investment Trust Fund would be awarded. The 26 awards ranged from $20,000 to $500,000 for communities to complete projects such as riverfront improvements, streets and amenities, infrastructure, and other downtown improvements. As a result of these awards, more than $34 million dollars of leveraged monies will be brought into the state to complete these projects.

Technology:

- In order to serve the communities of Maine in a more timely manner, the OCD instituted an electronic filing system for communities to request draw-down of CDBG funds. Training and materials were provided to all grantees at the 2003 Certification Program. This new process reduces turnaround time for reimbursement of funds to grant recipients.

- The OCD Web site has undergone significant changes to improve dissemination of information. New features include an events calendar, press releases, a broader photo gallery of projects, and the very latest program materials.
The Office of Business Development’s (OBD) mission is to foster business start-up, growth, expansion and retention within Maine to increase quality employment opportunities for Maine citizens. OBD works in partnership with the business community and a system of regional and local development agencies to provide resources, technical assistance and financial tools necessary to attract and encourage new investment, as well as to create and retain quality jobs.

OBD accomplishes its mission and goals by administering diverse programs and activities that fall into two functional areas: Business Development Programs and Small Business Assistance Programs.

**Seligman Data Corp., South Portland**

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### Business Development Programs

Business expansion and retention are the primary focus of business development programs. A network of Business Development Specialists from the office works directly with companies and economic development organizations to discuss needs and issues and to identify and deliver resources and programs.

*Hodgdon Yachts, East Boothbay*

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### Major Accomplishments

- The Business Development Specialists proactively contacted approximately 920 businesses and delivered project services to over 1,200 businesses. On average for the year, the specialists collectively met and worked with 179 small and large companies each month.

- The OBD prepared and presented 13 customized business assistance proposals for Maine companies seeking to expand their operations. In addition, seven specific site/facility searches were conducted for companies interested in expanding or relocating their business within the state.

- The OBD, in partnership with the Bureau of Employment Services, awarded over $1.7 million in training funds via the Governor’s Training Initiative program to 72 Maine companies for 660 new hires and 2,825 incumbent workers. This jointly administered program by DECD and the Maine Department of Labor provides financial training assistance for job creation, retention, and competitive retooling.

- The OBD in conjunction with its public relations firm, redesigned and published six bi-monthly newsletters and e-versions, expanded its photo library, issued over 20 press releases and articles resulting in a $42,979 advertising equivalency, and updated the office’s corporate profiles, which provide current information on the benefits business development resources have provided to key Maine companies.

- Approximately 8,000 copies of the 3rd edition of the Pocket Guide to Maine’s Business Resources were distributed over the course of the year. The updated publication was also redesigned to complement the department’s additional marketing collateral.
Small Business Assistance Programs

The Small Business Assistance Programs, through its divisions of Business Answers, Energy Conservation and Maine Products Marketing, provides various services and programs to assist small businesses and entrepreneurs, and fosters small business growth and retention.

Major Accomplishments

- **Business Answers**, Maine’s toll-free business information hotline, fielded over 9,000 inquiries for licensing, tax and other business related information. In July, the program launched a Web site, featuring a Business Licensing Assistant, which assists users in identifying state licensing requirements for their proposed business activities. From July through December, Business Answers fielded an average of 1,056 inquiries per month, approximately double the volume experienced prior to the launch of the Web site.

- Business Answers sold over 900 copies of *A Guide to Doing Business in Maine*. The One-Stop Business License service, which helps entrepreneurs identify state business licensing requirements and distributes associated license applications, distributed nearly 1,000 state business license applications to new and expanding businesses.

- The Maine Small Business Development Centers (Maine SBDC), contracted by DECD to deliver comprehensive coaching and group training to new and emerging businesses, provided one-on-one counseling to 2,633 small business clients statewide and conducted 185 training events for 2,831 entrepreneurs. The Maine SBDC spearheaded a coordinated response to the shutdown of Great Northern Paper in Millinocket and East Millinocket by conducting a spring and fall series of entrepreneurship training, which was marketed as the Katahdin Entrepreneurship Education Programs.

- The Energy Conservation Division (ECD) staff and federal funding were transferred to the Maine Public Utilities Commission on July 1, 2003. For the year, the ECD conducted 201 small business energy audits and made one Small Business Energy Conservation Loan for $35,000.

- Nearly 334,000 hang tags and adhesive labels sporting the “Maine Made” logo were sold through the Maine Products Marketing Program (MPMP) to businesses for promotion of their Maine products.

- The MPMP assisted with the 19th Annual New England Products Trade Show in which nearly 300 businesses exhibited their products to approximately 2,000 wholesale buyers. The three-day show resulted in approximately $3 million of wholesale product sales.

- The MPMP in the fall launched a new feature on the www.mainemade.com Web site, which allows visitors to tour a virtual home decorated with Maine-made products offered on the site. The Online Home Tour features photographs of a dining room, den and kitchen from an actual house in Freeport showcasing over 200 products from MPMP members.

- MPMP also assisted with the coordination of a “Floating Trade Show” aboard the Maine Maritime Academy training vessel, *State of Maine*, during its June cruise. Additionally, MPMP coordinated product displays for over 100 Maine companies at the Cross State Office Building and Maine State Museum, and increased program membership by 213 companies.
The Office of Tourism is responsible for implementing an overall marketing program domestically, in Canada and overseas for the State of Maine, which includes advertising, public relations and research and analysis. There are three key objectives for the program:

◆ Make Maine one of the true “must see” vacation travel destinations in North America
◆ Bring the economic benefits of tourism to all regions of Maine, in all seasons of the year
◆ Return at least two dollars in tax revenues for every dollar invested in tourism development by the Maine Office of Tourism.

Major Accomplishments

◆ The “Maine Getaways” Internet campaign has grown in scope, participation and success, with more than 450 packages listed on www.visitmaine.com. The program has also experienced significant improvements for doing business with the domestic travel agent market, with approximately 65% of the listed participants now willing to pay a travel agent sales commission. The “Maine Getaways” program has remained a collaborative effort between the Office of Tourism, Maine Tourism Association, Maine Innkeepers Association, and several local chambers of commerce.

◆ For 2003, the Maine Tourism Marketing Partnership Program awarded $511,800 in support of marketing efforts to the eight tourism regions, as well as to two major events, The National Folk Festival and St. Croix 2004 Celebration.

◆ The office assisted 75 journalists during press visits to Maine, which resulted in more than $13 million in newspaper, magazine and broadcast coverage in media such as Travel Holiday, Woman’s Day, FamilyFun, Boston Globe, New York Post, New York Daily News, The Toronto Star, PBS Weekend Explorer and Food Network’s FoodNation with Bobby Flay and $40 a Day with Rachel Ray.

◆ The office has taken on a larger presence within the trade show market with successful exhibits at the Sea Trade Cruise Shipping Convention, Ski Experts 2003 (Philadelphia and Atlanta), and the 2003 ASTA World Travel Congress. In addition, the office doubled its number of pre-scheduled appointments at the annual conventions of both the National Tour Association and the American Bus Association.
The office assisted the Maine Tourism Association in the production of an electronic version of the official state travel guide “Maine Invites You.” Maine is the first state to use this modern age technology as a fulfillment tool. The e-brochure allows consumers to have immediate access to travel-related information, giving Maine a distinct market edge.

Maine entered the French tourism market in 2003 by hiring a Paris-based representative to liaise with the travel trade and press, as well as joining Visit USA Committee France, whose members are travel companies doing business in the United States. The office partnered with New Brunswick to introduce itineraries featuring the St. Croix celebration and the St. John Valley as part of Maine’s expansion in the French market. Subsequent familiarization tours have netted several articles and inclusion in tour operator brochures.

Debenhams, the UK retail giant with a London flagship store and 99 stores throughout the UK, partnered with one of London’s major daily newspapers, the Daily Telegraph, to feature their “Maine/New England” brand of clothing in six separate issues of the newspaper. The Daily Telegraph filmed a fashion shoot in the Mid-coast and Downeast & Acadia regions in September. Each of the six Daily Telegraph articles listed credits to the various Maine locations. This was extraordinary coverage in the London newspaper noted for its travel section.

The office completely redesigned the database for its Web site, expanding the user’s search capability. The redesign provides users with a more extensive list of activities and attractions throughout Maine. This set the stage for adding proximity searching capability to the site that enables consumers to find an activity within a certain mile radius of a lodging property. For example, users can search for all the golf courses within a 10-mile radius of a particular lodging property.

Tour operators planning trips to Maine can now do so online. A new feature on www.visitmaine.com allows tour operators to search for attractions, accommodations, restaurants and motorcoach services that actively promote their businesses to the tour bus market. This online group travel planner includes more than 400 business listings.

The office launched a Media Room component of its Web site that includes a photo gallery, video gallery, and a press information center with press releases, events listings and other useful media information. Members of the media must register before accessing the information, making it easier for the office’s marketing services contractor to follow up.

The office launched its new advertising campaign with the brand “It Must Be Maine” in spring 2003. The campaign continued through summer and fall and included a media mix of television, radio, magazine, and newspaper ads. The campaign ran in Maine’s traditional markets of Boston and New York, and for the first time in Providence, Hartford, Springfield and Albany.
The Maine Film Office is responsible for attracting film, television, video and other projects to Maine; helping those projects succeed; and, expanding and improving Maine’s local production industries.

To accomplish this, the Film Office responds to requests from producers for information on locations, film personnel, laws and regulations and support services. The Film Office publishes Internet and printed materials that market Maine as a film location, plans and creates advertising and public relations programs and provides resource information. Marketing is also conducted through trade shows, film festivals and meetings with production executives.

**Major Accomplishments**

◆ *Colonial House*, a joint PBS-British television series, was filmed in the Machias area during much of 2003. The Film Office worked for many months to attract this prestigious project to Maine. Producers required several hundred acres of undeveloped coastal land on which to build a 17th-century colonial village. In this village, volunteers would live and work as if they were American colonists in the early 1600s and would be filmed daily as part of the series. The production team considered sites throughout the United States and Canada. With help from state, local and tribal officials, the Film Office found several potential Maine sites. The Film Office also worked to secure needed permits, helped with logistical challenges and organized meetings to smooth production issues. By early spring, a sailboat full of “colonists” arrived at the village, built on a picturesque coastal hillside owned by the Passamaquoddy Tribe. Production and post-production work continued into late fall. PBS plans to air the series, *Colonial House*, in the spring of 2004. Other regions that have hosted similar series – such as the recent *Frontier House* series in Montana – have seen significant tourism benefits from the programs.

◆ After more than a year of work, the Film Office was able to bring the HBO film *Empire Falls* to Maine in 2003. The film, based on Richard Russo’s novel “Empire Falls,” became the largest television project in the state’s history. The book won the Pulitzer Prize for fiction in 2002 for its story about mill towns of central Maine. Hundreds of Mainers were hired as workers, actors and extras for this production. The former Central Maine Power building in Waterville served as the film’s headquarters, where most of the production’s crew of more than 150 was housed. Locations for the film included everywhere from Water Street in Skowhegan to the deck of a Maine State Ferry. The Film Office, along with Maine-based location scouts, began scouting potential locations before the film rights were sold, driving thousands of miles and shooting hundreds of photos. These photos – and much logistical work – eventually convinced HBO to bring the project to Maine instead of to competing states and Canadian provinces. The Film Office helped producers hire crew, secure housing and buildings, organize meetings with local officials and even find tables and chairs. *Empire Falls* will be released as a special HBO film in 2005.
Maine International Trade Center

The Maine International Trade Center (MITC) is a unique public-private partnership (501C3) whose mission is to expand Maine’s economy through increased international trade in goods and services and related activities. Through its offices in Bangor, Lewiston and Portland, MITC strives to meet the international needs of businesses across Maine.

Major Accomplishments

Programming:
◆ MITC more than tripled its number of educational trade programs and seminars from FY01 to FY03 - with a total of 510 program attendees in 20 scheduled programs. There was record attendance (over 100) at the International Biotech Seminar held at DeLorme, featuring JAX Laboratories and a trade delegation from Northern Ireland. Maine International Trade Day 2003 was held for the first time in the mid-coast region at the Samoset Resort in Rockport. This location proved successful with more than 200 attendees and a record amount of sponsorship from the corporate community.

Outreach and Technical Assistance:
◆ Over 500 companies were contacted and/or visited in 2003, which resulted in an increase of 55% in technical trade inquiries. Over 20 college interns were hired for research assistance from universities and colleges throughout the state and abroad. MITC’s internship programs in Portland, Lewiston and Bangor are growing in size and popularity - providing invaluable career experience and opportunities for Maine’s youth and future exporters.

Trade Missions:
◆ In May 2003, MITC coordinated a booth at the European Seafood Exposition in Brussels, which is the largest seafood show in the world. Three Maine companies attended, with projected sales of up to $4 million in a one-year period resulting from their MITC booth participation.
◆ Maine Maritime Academy teamed up with MITC to host buyers and overseas dignitaries at the floating trade show on board the T/S State of Maine in Antwerp Harbor in June 2003. Products from 22 Maine companies were on display as Trade Center staff explored export sales opportunities.
◆ The very successful Trade Mission to Northern Ireland and the Republic of Ireland with Governor John E. Baldacci and a record 55 participants took place in October. Major stops included London, Coleraine, Derry, Belfast and Dublin. Mission participants project sales in excess of $7 million over the next 12 months as a result of the mission.

Canada Desk:
◆ Maine business inquiries and usage of the MITC Canada desk continues to grow, with a 52% increase since 2001. There were more than 100 documented technical assistance queries for Canadian related issues in FY03.
◆ In February, MITC partnered with the University of Maine’s Canadian-American Center on a full-day program in Bangor focused on Canadian Trade opportunities. Sixty participants explored the historical, political and economic development of the U.S.–Canada trading relationship.
◆ Futurallia, a biennial business matchmaking event, was held in Quebec City in May. MITC coordinated the largest U.S. delegation with 20 individuals from eight companies, and aided in identifying new trade partners for Maine participants.
The Maine Technology Institute (MTI) supports Maine companies’ early stage research and development efforts leading to commercialization of new products and services in the following seven targeted technology sectors:

- Aquaculture and marine technology
- Advanced technologies for forestry and agriculture
- Biotechnology
- Composite materials technology
- Environmental technology
- Information technology
- Precision manufacturing technology

The MTI works with the technology boards from each of the seven sectors to solicit, evaluate and make awards for funding proposals.

MTI goals are to:

- contribute to the long-term development of a statewide research, development and product deployment infrastructure,
- enhance the competitive position of Maine’s technology intensive industries,
- support clusters of industrial activity and create jobs for Maine people.

Another Success for MTI

Hydro-Photon, a Blue Hill-based company that has developed a portable marker-sized water purifier called the Steri-Pen, has prospered considerably, thanks in part to MTI’s service.

“What makes Hydro-Photon such a success is that they have really utilized the assistance we can provide,” said MTI Director Janet Yancey-Wrona.

After receiving a Development Award in 2002, the company took full advantage of the other resources MTI offers by applying for and receiving a Seed Grant and attending a series of commercialization workshops sponsored by the Federal and State Technology (FAST) program.

Hydro-Photon has recently procured significant capital from individual investors for development and growth, including $200,000 from the Office of Naval Research.

Using an ultraviolet lamp, the Steri-Pen quickly eliminates the bacteria and viruses found in untreated water - up to 16 ounces in under a minute. The Steri-Pen is for sale in many major camping stores nationwide including REI, Eastern Mountain Sports and Cabela’s.

Said Hydro-Photon President Miles Maiden, “We’ve progressed significantly. We’re big fans of MTI.”

Hydro-Photon’s Steri-Pen
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www.econdevmaine.com  

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