

**Economic Development Administration (EDA)
Short-Term Planning Grant
Maine Woods Consortium**

OVERVIEW

The Maine Woods Consortium (MWC) is an open association of businesses, non-profits, and government agencies working together to bring sustainable prosperity to the Maine Woods region. From its origins as the Maine Mountain Heritage Network (started in 2001), MWC is focused on finding new ways for people, communities and businesses in the region to use their natural and cultural resources to meet its significant social and economic challenges. Strategies for accomplishing the goal of regional prosperity include alignment of action across conventional political and interest boundaries and strategic investment of capital.

To advance its mission and vision, the Maine Woods Consortium proposes three program areas:

- Capital Investment Program
- Organization and Network Capacity Building
- Program Development

Below outlines the Maine Woods Consortium request to the Economic Development Administration for \$XXX in short-term planning funds. These funds will be matched a minimum of 1 to 1 with non-Federal dollars.

INVESTMENT REGION

The Maine Woods Consortium incorporates all or portions of Maine's rim counties (Aroostook, Franklin, Oxford, Piscataquis, Somerset, and Washington), and northern Penobscot County. The region is defined by nine labor market areas (LMA) including Bridgton-Paris, Calais, Dover-Foxcroft, Farmington, Houlton, Lincoln, Millinocket, Rumford, and Skowhegan.

STATEMENT OF NEED

Once a thriving economic engine built on an abundant natural resource base, over the last fifty years the Maine Woods has experienced a steady decline in economic prosperity. Paper mills throughout the region have reduced employment by 75 percent, unemployment in parts of the Maine Woods currently exceeds 10 percent, and per capita income significantly lags behind the rest of Maine as the region reports per capita income 20 percent below statewide per capita income. The region has witnessed tremendous out migration as economic adjustment takes hold. Below reflects unemployment data for August 2008.

**Table 1: Maine Woods Employment Statistics for August 2008 by LMA
(Source: Maine Department of Labor)**

LMA	Civ. Labor Force	Employed	Unemployed	Rate
Bridgton-Paris	14,620	13,720	900	6.1%
Calais	6,010	5,500	510	8.5%
Dover-Foxcroft	9,630	8,790	840	8.7%
Farmington	16,550	15,410	1,140	6.8%
Houlton	8,800	8,110	690	7.8%
Lincoln	3,650	3,390	260	7.2%
Millinocket	4,080	3,710	370	9.1%
Rumford	9,640	8,850	790	8.1%
Skowhegan	15,460	14,420	1,040	6.8%
Cumulative	88,440	81,900	6,540	8.0%
Statewide	726,700	692,500	34,200	4.7%
United States*	154,853	145,477	9,376	6.1%

* In the thousands

Per capita income, reported by county, provides another measure to demonstrate economic distress in the region. For the seven counties that make up the Maine Woods geography per capita income ranges from a low of \$25,089 in Oxford County to a high of \$28,711 in Penobscot County. Compared to the United States these figures are between 20.5% and 37.9% less depending on the county. The table below outlines per capita income by county for 2005.

Table 2: 2005 Per Capita Income by County (Source: Maine Department of Labor)

County	2005 Per Capita Income
Aroostook*	\$25,923
Franklin	\$25,517
Oxford	\$25,089
Penobscot*	\$28,711
Piscataquis	\$26,090
Somerset	\$25,369
Washington*	\$25,094
Maine	\$31,252
United States	\$34,586

* Only portions of these counties are included in the Maine Woods region.

CAPITAL INVESTMENT PROGRAM

The need for capital investment far exceeds the availability of funds, as demonstrated by an initial inventory of projects compiled by the MWC. Demand for resources is great as

there are limited pools of capital and a growing number of competing interests. Because of the increased demand, funders are reducing the size of their investment in order to fund a greater number of projects and disbursing those funds over a broad geographic area. The dilution of investments extends the project development phase, putting in jeopardy critical projects that have the potential of community revitalization and viable economic development, particularly in economically distressed rural areas. The end result of these funding trends is projects are not completed, community impact is lessened, and return on investment is either extended or diminished.

The Maine Woods Consortium proposes a new capital investment model built on strong collaboration, regional prioritization of key investments based on desired outcome measures, and a multi-faceted investment strategy that includes public funding, private foundation support, and private equity. Central to making strategic capital investments that advance regional goals and objectives are the identification and prioritization of potential projects and/or programs. EDA funding will support research on the capital needs of the robust pipeline of projects already identified by the MWC.

Project Identification and Prioritization

The investment region defined earlier is served by four economic development districts – Androscoggin Valley Council of Governments, Eastern Maine Development Corporation, Kennebec Valley Council of Governments, and Northern Maine Development Commission – each conducting a comprehensive economic development strategy (CEDS) outlining both key projects and setting priority funding. Using the CEDS process as a base, planning funds will assist the Maine Woods Consortium establish an integrated project identification and prioritization process. Projects will be solicited through a series of processes associated with the CEDS. The projects deemed relevant to the Maine Woods will then be evaluated through a set of criteria defined by Consortium members based on both quantitative and qualitative measures that advance the mission of the Consortium.

Capital Development Plan

A capital development plan will be built on the foundation of research that identifies the types of capital investment required by projects already identified by the MWC. Once the MWC analyzes these needs, it will begin developing a fundraising strategy based on some or all of the following capital types:

1. Philanthropic capital;
2. Corporate philanthropy;
3. Public sector grants; and
4. Private equity capital that could include angel networks, traditional venture capital, community development venture capital, and other types of pooled community investment funds.

Planning funds will be dedicated to identifying and prioritizing the capital needs of projects in the North Woods that meet the objectives of the MWC. Once the capital needs are better understood, planning funds will also help establish a comprehensive fundraising strategy that could include the following types of capital.

1. Philanthropic Capital

Considerable philanthropic resources have been directed to protect land resources in the Maine Woods and the MWC believes that such resources could benefit many of the projects already identified, no matter what our capital needs analysis determines. Over the past decade, when vast parts of the region have been conserved, community development needs have often been overlooked. The proposed MWC campaign will create opportunities for community economic development investments, as well as for conservation. In discussions with funders they recognize the imbalance of charitable investments in the Maine Woods and are looking at opportunities to target philanthropic dollars in support of the communities and businesses in the region. Donors recognize the need to maintain, or in some cases develop a vibrant community – economically, culturally, and socially. Following are three philanthropic targets that the MWC will further explore.

- a. Private Foundations** – The MWC must develop a comprehensive case reflected in a core proposal that addresses issues of interest to foundations, and from which can draw targeted proposals to respond to the particular interests of individual foundations. These targeted proposals are those initiative or project priorities the consortium identifies as having greatest impact.

Long term the MWC must develop an ongoing research capacity to generate foundation prospect lists, and develop its knowledge of the foundation community. Key to the success of the MWC is its relationships with program officers and other key foundation leaders. This is a continual process that happens over time through regular contacts and visits. The MWC will invest three to five years in cultivating a diverse array of foundation relationships, and pursues a variety of strategies, including project grants, multi-year grants, small and large grants, seed money, challenge grants, etc. The organization avoids creating special projects just to meet foundation desires, especially when the foundation does not support 100 percent of the costs.

- b. Individual Giving** – The MWC will consider establishing a multi-faceted program of major gift solicitation, with prospects derived from organization contributors list, from MWC member contacts, and from ongoing fund-raising research. The coordinating team, stakeholder group, and donor advisory group collaborate to solicit most major gifts through personal contact. Donor recognition is designed to encourage maximum donor effort. Highly targeted cultivation events are used as a way of introducing a number of major gifts prospects to the organization’s work simultaneously, and individual visits with prospects are used to “close the deal.” Major gifts may be targeted to particular

uses in the organization in keeping with the donor's wishes, or they may be unrestricted. Unrestricted funds will be disbursed to priority projects through the donor advisory group.

- c. **Planned Giving** – Planned giving presents great opportunity for the MWC. Through strategic positioning, the Consortium develops opportunities to solicit and receive bequests and other types of planned gifts, including charitable trusts of various kinds, pooled income funds, and charitable gift annuities. A Bequest Society to recognize donors who have designated the organization in their wills, educates the board as to the benefits of bequests and planned gifts, develops or partners with the expertise to work with major gift donors to fashion planned gifts, and develops materials to support the solicitation of planned gifts.

2. Corporate Philanthropy

Corporate philanthropy embraces a “bottom line” mentality and may be a good resource for projects vetted by the MWC. Based on the capital needs analysis, the MWC must identify what aspects of its work might be attractive to corporate sponsors, define a set of benefits that are of interest to corporations, and develop presentations that communicate effectively with corporate prospects. The MWC must be flexible in its approach to corporations, recognizing that different corporations have a variety of departments and budgets that might be sources of support. For instance Bangor Savings has an established foundation, which is a likely source of support, as well as the banks marketing department depending on the approach.

3. Public Sector Grants

The economic development districts and other MWC members and partners, have established track records in securing public sector grant funds. The capital needs analysis will provide a better understanding of the scale of public investment required to achieve the MWC's vision. The MWC's strategy to bring more public sector grants to bear in the region will follow a similar approach to the philanthropic strategy described above. Key to securing public support is engaging the governor's office, the congressional delegation, and key agency officials.

4. Private Equity

Private equity investment is often the engine behind economic revitalization and can be essential to realizing the vision for a vibrant Maine woods. It is often the most difficult type of capital for projects in rural areas to obtain. Investment can come in multiple forms and be directed in very specific ways. One potential strategy for creating better access to this type of capital is for the MWC to provide networking, training, and consulting that fosters entrepreneurship and encourages innovation in Maine woods businesses by creating a private equity network. A potential program design is outlined below. Some or all of these program elements could be implemented, depending on the findings of the capital needs assessment.

- a. **Pooled Investment Fund** – To provide investment opportunities to individuals from various means, a pooled investment fund may be explored. One model is to enable individuals to buy shares in the fund. These shares could be invested in private ventures in the Maine Woods. Like other equity mechanisms, share values would change based on the performance of the performance of the companies in which investment were made. Another approach would be to use a charitable gift annuity model where the investor would receive an annual payment based on age of the investor and the fund, through wise investments, would retain the principal investment. As a general rule, roughly 50 percent of the initial investment would be given back to the investor through annuity payments.
- b. **Venture and Angel Network** – To facilitate investment from private equity investors a venture and angel network may be explored. In this model, investors with ties to Maine would be recruited to the network and introduced to investment opportunities from entrepreneurs from all sectors working in the Maine Woods. This network would link with the Maine Investment Exchange and University of Maine efforts.
- c. **Venture Communities** – Private equity investment could be generated from a range of investors. The Venture Communities could be modeled after the Golden Capital Network’s program, which establishes a mechanism for lower-level investors in the community to band together to infuse private capital into businesses.
- d. **Investor Networking, Showcasing and Profiling** – To build a community of investors, networking events and informational session need to be organized, marketed, and implemented. These events would be held regularly and offer opportunities to introduce investors to entrepreneurs, area businesses, and the activities of the MWC private equity network. These events would include guest speakers to share experiences and cultivate participation in the network.
- e. **Investor Coaching and Mentoring** – The goal of the MWC private equity network would be to attract seasoned investors as well as grow new investors from within the community. Coaching and mentoring new investors by those more seasoned would help strengthen the MWC and grow a local based investor pool.
- f. **Entrepreneur Training Program**– A close relationship between entrepreneur and investor would be critical to the success of the MWC private equity network. Training would be provided to entrepreneurs in business planning, presentation, investor relations, and other relevant topics.

ORGANIZATION AND NETWORK CAPACITY BUILDING

The Maine Woods Consortium's looks to strengthen organizational capacity through the development of a vibrant distributed network. Through collaboration, critical information management and network communications can be developed that benefit both individual organizations, as well as the broader Consortium.

Information management and communication are essential to building and sustaining a strong distributed network. Much of the Consortium's work is grounded in quantitative and qualitative measures of growth that inform priority setting. To effectively manage prioritization and accurately evaluate short and long-term outcomes, the development of an information management system is needed. EDA planning funds will enable the Maine Woods Consortium to assess information needs across the network, design an integrated information management platform accessible through the web, and establish a program evaluation program driven by data that can be utilized by individual organizations, as well as to evaluate Consortium activities. As funding becomes more competitive organizations and partnerships must demonstrate clear return on investment. The proposed system will establish the infrastructure to effectively measure outcomes.

With over 40 principle partner organizations, and nearly 200 affiliate organizations in the Consortium, an effective network communication system is essential to conducting the work of the Consortium. EDA funds will assist the Consortium development a systematic means of communication using various media – electronic, print, etc. Barriers to communication challenge partnership, collaboration, and development of a strong network. The Maine Woods Consortium sees the coordination of communication across organizations spread throughout a broad geographic region as the most critical tool to enhancing economic growth. The following outlines the information management and network communications function included in the proposal:

- Staff support for information management & network communications team
- Performing thorough needs assessment of Consortium internal and external information management and network communications functions (including project & indicator tracking, working team information management and public face of the Consortium)
- Selecting IT consultant to advise project
- Selecting best Consortium partner(s) to host system
- Designing and developing business plan for system creation and maintenance
- Developing RFP and finding funding sources to execute business plan
- Staffing of web site, data base management and information gathering function

PROGRAM AND PROJECT DEVELOPMENT

Maine Woods Consortium has organized its activities around three major program areas: landscape resources, community revitalization, and networked economies.

- Landscape Resources. Support sustainable management and multiple use of our region's landscape resources (forests, lands, waters). Promote knowledge sharing

- and build working relationships among groups with ownership, community, environmental, and economic interests relating to these resources.
- Community Revitalization. Increase investment in Maine Woods communities – large and small. Support initiatives that retain the best of our cultural heritage while developing the systems (civic organization, communications, transportation) required to make our region more competitive in coming decades.
 - Networked Economies. Develop approaches that link small scale enterprises into more effective systems to increase production efficiencies and to expand market reach. We see opportunities for new or stronger production networks in tourism, wood product manufacturing, agriculture, and handcraft, among other asset-based sectors.

Defining key initiatives within each of the program areas will allow for the targeting of capital investment that realizes community and economic impact and leads to significant return on investment. As a distributed network, each organization brings complimentary skills and expertise. EDA funds will allow the Consortium to conduct a stakeholder analysis to map the network. The analysis will surface skill sets, network connectivity, and program interest. As initiatives are identified within the Consortium, network resources will be engaged to strengthen the program or project development of that initiative. Grant funds will allow the network to build program teams that champion activities that lead to capital investment. Basic administrative infrastructure will be established to conduct the work of the program teams and to conduct outreach throughout the Maine Woods for each program area.

Outcomes within each program area:

- Deeper knowledge (of assets and related market opportunities) – more broadly shared by key players.
- More capacity for coordinated, asset-based development action (financial resources and working relationships).
- Changes on the ground (More acres certified? More living wage jobs? More support for local cultural organizations?)

Potential actions (kinds of action):

- Knowledge creation and management (knowledge of assets, asset-based development practices, and market opportunities).
- Communications and consensus building (among network members).
- Action coordination (actions of local organizations aligned across conventional sector and political divisions to achieve regional objectives).
- Investment (securing and channeling capital).
- Monitoring and evaluation.

In order to effectively leverage capital investment a mechanism will be designed to integrate the work across the three primary components of this proposal – Capital Investment, Organization and Network Capacity Building, and Program and Project Development. The network has adopted a systems approach that requires integration and cross fertilization of functions. EDA funds will help establish that organizational system.

Budget: