

MEMORANDUM

TO: Governor Elect

FROM: Lucy Leriche, Secretary, Agency of Commerce and Community Development

SUBJECT: Transition

DATE: 9-20-16

AGENCY OF COMMERCE AND COMMUNITY DEVELOPMENT OVERVIEW

The mission for the Agency of Commerce and Community Development is to help Vermonters improve their quality of life and build strong communities.

The Agency is engaged in activities that generate revenue to the State general fund. Our work with existing and new businesses, downtowns and communities, marketing the state for tourism, preservation of the Vermont brand and what makes us special, is all part of what generates income to state government. We are the “income” side of the state general ledger. Investments in ACCD are investments in income generating activity.

The Agency is comprised of four Departments: the Department of Administration which includes the Office of the Chief Marketing Officer (CMO), and the Division of the Vermont Center for Geographic Information (VCGI); the Department of Economic Development (DED); the Department of Housing and Community Development (DHCD); and the Department of Tourism and Marketing (VDTM) which also includes Vermont Life Magazine. The Agency reports annually to the Legislature on activities and outcomes.

AGENCY MAJOR AND EVOLVING ISSUES

Clean Water Fund

This is an “issue” on two fronts, costs to business to clean up Vermont’s watersheds, and as a funding source for the Vermont Center for Geographic Information (VCGI) to continue their LiDAR program.

VCGI: VCGI was added to ACCD as a division of the Administration department of ACCD in 2015 by act of the Vermont Legislature. Incorporating VCGI has gone smoothly on the technical side, getting VCGI, previously a private, non-profit into the state and ACCD culture will take more time. The new VCGI Director, John Adams (started 9/1/16) formerly was in DHCD so he will aid in the culture transition.

VCGI is a recipient of Clean Water Funds for the purposes of obtaining up to date LiDAR imagery and data statewide. ACCD has received Clean Water funds in FY16 and slated to receive in FY18. ACCD secretary sits on the Clean Water Fund Board along with the Secretaries of ANR, Ag and Vtrans. LiDAR funding has been debated by outside interests who feel the Clean Water money should be exclusive for clean water activities. We have successfully explained that LiDAR is basic data needed by all state agencies to better identify point and non-point sources of run off, to assist with almost any planning, to help in emergency preparedness and more. LiDAR data is used by RPC’s, municipalities, state agencies, and the private sector. So clean water investments have a clear role for water quality but so many other things.

Business impacts: The Clean Water Fund was established through Vermont's clean water legislation and funded for the first three years from the property transfer tax. That ends after FY18. The Legislature then needs to decide how to capitalize that fund permanently. ANR, Tax and the State Treasurer must submit a report to the Legislature in January 2017 with recommendations on fees and taxes to be raised to capitalize the fund.

In August and September of 2016, ACCD hosted three meetings (Burlington, Rutland and Montpelier) to solicit input from the business sector, large non-profits, developers and large land owners on the best means to finance the Clean Water Fund. The stakeholders referenced above were not attending the multiple public meetings set up for the purpose of soliciting input on funding sources and criteria for determining which sources are appropriate. So we hosted these meetings. We obtained valuable input on the criteria that should be used. That input will be compiled into the report to the Legislature. ACCD's concerns are that there be consideration of the economic impact of whatever fees and/or taxes are raised. Also that unintended consequences be examined. For example, if the property transfer tax is continued, will that result in dampening real estate purchases by first time home buyers or young professionals due to fees? Will costs be inequitably applied to businesses? Will developers face fees that may discourage re-development or encourage development on greenfields? There is a general feeling among the business community that they are already taxed too much. The same is true for Vermonters. The timing of the need to capitalize this fund is the "perfect storm" of having to raise fees and taxes at a time when farmers, landowners, businesses cannot afford it.

Clean Water Fund Board: As mentioned above, the ACCD Secretary is named in statute to sit on the Clean Water Fund Board. The Board determines the allocation of Clean Water funds to state agencies. Agencies take the funding and grant it or pass it on for clean water activities. In the first two years of the Fund, the Board has functioned fairly well. However, some stakeholders feel they should have a seat on the board (municipalities and interest groups). Governor Shumlin felt state agencies should decide how to allocate the funding as it all goes to state agencies to implement activities. There is still misunderstanding that the Board allocates money out to stakeholders and private sector. That is not true. Further, there are issues around transparency and open process for deciding allocations. Board meetings are open to the public, minutes are published, proposals for funding are published. The public does attend meetings.

Vermont Life

Vermont Life was created in 1946 and is Vermont's premier branding tool. It is an Enterprise fund with an annual budget of about \$2 million. However, the magazine has seen many (if not most) years where income did not meet expenses despite herculean efforts on the part of management to cut and control costs and to increase income. The accumulated deficits are now around \$3 million dollars. What is interesting is that, as near as anyone is able to explain, the deficit sits on the State balance sheet as a receivable and the bills are paid through cash flow. There is no direct appropriation to the enterprise to address the operating gap. The legislature is growing increasingly concerned about this, and has charged ACCD and the Agency of Administration with presenting a plan that will bring the enterprise to break even within two years. We have brought sales in house and that is a big improvement already. Additionally, VL is marketing its creative services across state government for a real win win for other agencies and departments needing economical creative expertise for their publications. *Please see the report for a detailed discussion of ACCD's recommendations.*

Economic Development Marketing

The Legislature awarded the Department of Economic Development a \$200,000 one-time appropriation to complete and begin to implement an economic development marketing plan for FY 16. (See DED for more background). The Administrations FY 18 proposed budget does not include an appropriation to continue this work. With carry forward, we have a plan to keep the effort going through FY17. The consultants who created the plan made it very clear that a one-off was a waste of money, and that in order for this effort to bear fruit, continued funding will be necessary. We recommend a line item added to ACCD's base general fund appropriation for FY18 and beyond so that this initiative can effectively bear fruit for the state.

Refilling Policy Position for Community Planning and Revitalization Program within DHCD

John Adams, who is currently the Director of VCGI, was hired from a policy position within CP&R. I decided not to refill the position at this time for the following reasons: The DHCD was experiencing budget shortfalls and pressures due largely to diminished federal funds; and because this was the only policy position in the agency but was dedicated to a single program. A key question for the next administration is whether to refill this position. If funding were available my recommendation would be to fill the position with a policy person who can serve the entire Agency, not just the single CP&R program.

INTER-AGENCY ISSUES

One of the accomplishments of the Shumlin administration, which is also an outcome of Tropical Storm Irene, is much greater collaboration between state agencies. The Governor asked that we break down silos and we did a good job. Irene facilitated that as we all had to work together for recovery. It also helped that Vtrans, ANR and ACCD are all under one roof as a result of Irene.

Agency of Agriculture: ACCD provides a lot of support to Ag and the Working Lands initiatives. ACCD personnel (deputy secretary, staff from DED) sit on the Working Lands board. We are members of the Vermont Sustainable Jobs Fund board. We collaborate on the Big E annually. We have collaborated on initiatives to market Vermont products in Boston and Canada. We funded a portion of the Vermont display in the Boston Public Market. We have hosted food and farm businesses to attend international marketing events and much more. It is a good working relationship.

ANR: ACCD has enjoyed a good working relationship with the leadership at ANR as well as many staff level folks. We collaborate a great deal with the brownfields folks as we administer a brownfields grant and revolving loan program in DED. DHCD has a good working relationship with ANR relating to land use planning and more. However, we are not always informed of pending legislation ANR may be considering. The 2016 session in particular had a number of bills we were not included in during their initial planning phase of legislation development. Ideally, all agencies affected by proposed legislation get a look at it *before* it is introduced by an agency as part of the Administrations legislative proposals. It is worth establishing a close relationship with ANR leadership early on because there are always significant overlapping interests.

Permitting issues: ANR Deputy Secretary Trey Martin and DEC Commissioner Alyssa Schuren (and Commissioner David Mears before her) were great folks to contact when we had complaints from developers or businesses about permit issues. Of course, we worked to learn as much as we could about the issue from the permittee's standpoint before approaching either ANR or the Natural Resources Board (NRB). But Trey and Alyssa were great about researching the issue, getting back to us on their perspective and attending meetings to resolve the issue. They had the attitude of "I can't fix it if I don't know it is broken" so they were open to hearing issues. They also had the big picture in mind which is not

often the case with the street level folks. I hope that kind of communication and collaboration can continue.

Enforcement—ANR and DRB needs a more customer friendly enforcement. A culture change is in order. We hear from businesses too many times about a “gotcha” mentality among enforcement staff.

Natural Resources Board: The same collaboration is true with Diane Snelling at the Natural Resources Board. Her priority is compliance and common sense. She has a job to do to administer and enforce Act 250 but she recognizes things are not always black and white. By example, we had a situation with enforcement at Commonwealth Dairy in Brattleboro. They cut trees associated with an expansion before they received a permit amendment to enable them to do so. I reached out to Diane to explain we were in sensitive negotiations with Commonwealth to undertake their expansion in Vermont versus Arizona. I knew an NOAV (notice of alleged violation) sent to the Commonwealth CEO would be negatively received. I asked Diane to send the NOAV to their engineer vs. the CEO and she was happy to comply. She also recognized the best way to address remediation of the tree cutting was through their next Act 250 permit amendment to build the expansion. This was instead of proceeding immediately to require them to remediate the cutting and then submit a permit. Note: There is a possibility some of the remediation may not be needed if the intermittent stream buffer ends up being narrowed by ANR as they work with the company on the remediation and expansion.

VTRANS-DHCD has a close working relationship with VTRANS on a number of fronts, including being an administrator of electrical charging station grants to municipalities.

Agency of Education- AOE Received a JP Morgan grant for doing an assessment of our career technical education programs in the state. This effort is to develop career readiness skills. Commissioner Goldstein is on the state 'team' with DOL, AOE, and VSAC.

Historic Preservation and solar interagency collaboration: The Division for Historic Preservation has been working with the Agency of Natural Resources and the Department of Public Service. This collaborative effort is to inform the Public Service Board of the requirements under our applicable state laws (22VSA14) and our procedures of efficient and effective reviews, as well as concerns regarding such things as rooftop installations, effects for historic properties, and archaeology.

VDOL-ACCD Secretary, Deputy Secretary and commissioner have weekly calls with VDOL to discuss areas of overlapping interest and jurisdiction. Additionally, VDOL serves on a review team for all ACCD Vermont Training Program grants as a way of ensuring there is no duplication of funding to entities who may also be applying for WET funds through the department of labor.

LEGISLATION

Film Incentives: Margo & Archer Mayor approached ACCD about a project to produce a new TV series based on Archer Mayor's mystery novels. The producer who is signing with Archer is a native Vermonter, Brad Coolidge, and would very much like to do the filming in Vermont. The lack of incentives is an issue. We will determine how Windham county funds may assist. The TV series will be sold to Netflix or Amazon or someone like that. Very exciting production and tourism promotion opportunity! We have information on incentives in other states. Alex Aldrich at the Vermont Council on the Arts would like to go to the legislature this next session and seek some sort of an incentive for this series and perhaps permanent incentive offerings. They are also interested in exploring a Film Institute somewhere in Southern Vermont at a later date. Both exciting prospects!

Reports: ACCD is responsible for a number of on-going reports to the legislature each year. These include reports on existing programs such as VEGI and the Vermont Training Program. In addition, each

new legislative year results in new additional reports such as the Vermont Life Study, the Housing Study and the VEGI summer policy group study ordered from the 2016 legislative session and discussed elsewhere in this document. All reports are assigned and are either complete or will be complete by January.

GENERAL INFORMATION

Exempt positions: Besides the appointed Secretary, Commissioners and Deputies, ACCD has a number of exempt positions filled by staff who are subject matter experts for their programs. We have seen a great deal of turnover in staff at ACCD through this Administration, and for the most part, we now have a very strong and committed team. I recommend keeping the exempts that are currently in place: Heather Pelham, CMO. Heather is very strong, and has excellent judgement and relationships across state government and is a strong subject matter expert. David Metreaux is our IT Manager and Project Manager with invaluable technical expertise. He is a can-do person who has built a very strong team. He is also a strong leader and creative problem solver. Mary Nowlan, Editor of Vermont Life has reinvented the magazine to a more contemporary feel to appeal to a younger, hipper demographic and is incorporating entrepreneurs, and innovative businesses. She is passionate about the magazine and is an excellent editor. Fred Kenny is rock solid in programs that are very complex and technical. Fred has been in his position for some time now, and has great institution memory as well.

Legal staff: Dale Azaria is a rock star.

DEPARTMENT OF ECONOMIC DEVELOPMENT (DED) OVERVIEW

The function of the department is to develop and maintain relationships with the business and employer community within Vermont so that we may help them expand and grow jobs and create prosperity for our citizens. The information we gather helps inform us as we influence economic development policies and legislation.

The Department consists of The Procurement Technical Assistance Program; Business Assistance and Recruitment; International Trade; and Captive Insurance and EB-5 marketing. We also manage several federal and state grant programs such as EPA Brownfields, SBA Export Assistance, Department of Defense, Office of Economic Assistance, and the Vermont Training Program ("VTP"). The Northern Border Regional Commission grants are also promoted/ marketed and recommendations are made to the Governor's office for acceptance from DED. The Vermont Employment Growth Incentive ("VEGI"), Tax Increment Financing ("TIF"), and Windham County Yankee funds (WCEDP) are administered within DED by the Vermont Economic Progress Council ("VEPC") personnel. We also manage the grants and contracts with outside partners such as the regional development corporations, Vermont Small Business Development Center, ("VtSBDC"), Southern Vermont Economic Development Strategy ("Seveds"), Vermont Employee Ownership Center, ("VEOC"), and UVM office of Tech Commercialization. - (pre-venture funding)

We have one person dedicated to the marketing of Captives, Dan Towle. He is extremely experienced and works very well with DFR on the regulatory side. The team is well known in the industry. This segment brings in about \$25mm annually in taxes and license fees. Vermont licensed 33 new captives in 2015 which was 50% more new captives than both Bermuda and the Cayman Islands (Vermont's largest competitors.)

The Vermont Procurement Technical Assistance Center (VT PTAC) was established to expand the number of Vermont businesses capable of participating in government contracts. Under the program, VT PTAC helps Vermont businesses pursue and perform under contracts with the Department of Defense, other federal agencies, and state and local governments.

The program is administered by the Department of Defense within the Defense Logistics Agency, Office of Small Business. The Agency enters into a cost sharing cooperative agreement where both parties agree to the action plan and financial commitment. The financial commitment consists of cash and in-kind.

At this time, we have six state employees and one sub-recipient, which is a pass through grant to the Small Business Development Center housed at the Vermont Technical College. I have proven that there is a 20K savings to the State if we take that position on as a State employee, but we struggle with getting the added position. In FY17 Vermont Technical College increased their indirect cost fee by 15% which added an additional cost of nearly 13K to the state and thereby adds up to a potential \$33k savings.

For FY 2016 there were 905 govt. contracts with 106 Vermont companies totaling 93M. Both the number of contracts that were awarded and the number of PTAC clients getting the awards increased.

For more background on the programs of the DED, see the FY 18 Budget Narrative.

Department Resources: Between becoming commissioner in spring of 2015 and current the department has been overhauled. We have government and business experienced personnel from a variety of fields and talents. 5 of the key members of the team are new – within the last 18 months- The Commissioner – April 2015, Brett Long, Director International Trade and Business Support – September 2015, John Young, Vermont Training Program Director – September 2015, Katie Corrigan, International Trade Manager- November 2015, Kristen Ziter- March 2016, Kristie Farnham- October 2016, and Pam Mackenzie- October 2016.

We have been able to cross ‘pollinate’ so that each member of the department has knowledge of the programs we provide to the business community. We have made excellent progress to date and continue to ‘de-silo’ the group.

ED Marketing Plan

During FY 16 we were allocated 200k to complete an Economic Development Marketing plan and we hired two consultants to do the work. A finished product can be found here: [\(link\)](#) We have commenced work on part of the plan by hiring Vermont Life personnel, namely Mary Nowlan and Sky Barsch, to do the first order of business recommended in the plan, the website. We kept the funds in house to utilize existing talent, and to ensure we are aligning and leveraging state resources wherever it makes sense. But the website is only the first step and the plan authors caution that a one off would just be wasting our money. This needs to be a sustained effort over time. DED is looking to fill our open Exempt position with a marketing person who can help not only with the marketing plan but also with our recruiting efforts. At the beginning of FY17 we lost an employee (employed within admin) who shared the recruitment activities with the ED of VEPC. DED has also absorbed the recruitment function and we think we have found someone who can help at least until the end of the year with the marketing plan project as well as more tactical recruitment needs.

In FY17 we do not have marketing funds in the budget but are hopeful that the carryover from FY16 from the residual marketing funds plus funds from elsewhere in the dept. will see us through FY17. Since we were instructed to level fund the FY18 budget, we also do not have a request in for marketing funds. It is imperative that economic development marketing is funded so that we can continue in this important effort to get Vermont recognized as a great place to live and do business.

Workforce Needs

We are in the midst of a workforce needs assessment. We've hired Ian Davis who interned with the agency during summer of 2015 and recently graduated from UVM with a MPA. He has experience with Government Accountability and worked on the Employee Relocation Tax Credit study. He is working closely with Brett Long on Cluster Analysis and John Young, our Vermont Training Program Director, on all things related to workforce. In the 2016 legislative session we successfully amended the VTP statute permitting us to carve out 10% of our yearly allocation to help employers fund workforce pipeline activities that will help create programming for secondary or post-secondary student workplace activities to help prepare today's youth for tomorrow's occupations.

The DED was written into the VTC USDOL grant to support working families. (Vermont Supported training, Education, and Employment partnership (VSTEED)). We will get \$25k for the next 4 years which will permit us to help fund a position to act as employer liaison. We can do so with our current positions or create a limited service position to do this task. We are awaiting grant documentation so that we can get permission to receive the grant from Joint Fiscal Office.

We have also come to an understanding with VTDOL to be a partner with them on their grant application with VSC system: Furthering Opportunities for Regional Career Education (FORCE) Initiative. If they get awarded the grant, we will have an MOU with VtDOL to get an interdepartmental transfer of \$40k per year for 4 years to help implement the programming with employer outreach.

Grants and Contracts

In legislative session of 2016 we changed the **RDC** contracts back to grants as was the original intent of the enabling legislation. This will ease the administrative burden of the already always backlogged contracting area of the ACCD legal services team. We will need to leave additional lead time for the grants so that the correct risk assessments are completed in a timely fashion. This will start with FY2018.

INTER AGENCY ISSUES

Working closely with **ANR, Treasurer, Tax, and Administration** on the process for determining the future funding source of the Clean Water Fund. ACCD has brought together the business community in Burlington, Rutland, and in Montpelier to hear the voice of business as we develop this important funding source.

Enjoy a good relationship with **ANR** specifically regarding the Commonwealth Dairy Project, Long Trail, Energizer, and Redstone projects in BTV. Between the coordination of BRELLA program and EPA funding of cleanup for Brownfields as well as scoping meetings for expansion projects we are on the right track to make progress. An important issue in Brownfields however is the need for a 'review team' to assess the proposed deed restrictions for a BRELLA property before it goes to the developer. We at ACCD should know about these proposals BEFORE they get inflammatory. Otherwise the BRELLA

program could be at risk for having the exact opposite outcome than was intended., i.e. these contaminated properties would be left to lie dormant.

Working closely with **VTDOL** on all things workforce. Expect that this should continue especially in light of the grants that may be forthcoming from **USDOL**.

Also on state team for the Career Readiness Initiative with Deputy Secretary Bouchey of **Education** and Commissioner Noonan of Labor.

Agriculture Agency is an important partner in all working landscape business sector issues. A DED staff member, Jared Duval serves on the Working Lands Enterprise Board and works closely with Ag on all matters related to this sector.

KEY DECISION DATES: (see VEPC write up below)

LEGISLATION:

VEGI Change: DED Commissioner has participated in the VEGI policy review meetings. From those interactions the idea has arisen that perhaps some thought should be given to recommending that VEGI no longer be an ‘all or nothing’ incentive. We should promote the idea that a business can earn partial incentives if they achieve some but not all of their targets as outlined during the application process. Especially as we want the program to be small business friendly we need to appreciate the fact that small businesses have much more volatile cash flows and so the ability to earn partial incentives would be a great help to them and we would probably see more applicants from the small business community with this change.

DED Deputy Commissioner position: Commissioner does not currently have a deputy. Consideration may be given to establish a deputy. It is currently the only department without one.

Clean Water Revolving Loan Fund: Should work with ANR to change the statute enabling the clean water state revolving loan fund to lend to the private sector. This is something that ANR proposed during the last session but met with some tough opposition from the Institutions Committee. The Committee asked them to prepare a study on whether lending to private sector would crowd out the availability for these funds for municipalities. We can probably make the case that the private sector projects comprise the lion’s share of cleanup work. An example of this is the Redstone project at 453 Pine St. in BTV. They need \$5mm and ANR has the funds but could lend only to either a municipality or a state agency. BTV has not agreed to bond as collateral for the loan to Redstone so we are contemplating being the intermediary.

EXTERNAL GROUPS AND ORGANIZATIONS:

RDCs: Since half of the RDC directors are new there has been fresh blood and this is a good thing. The relationship is good although we still need a bit more information sharing. The implementation of a statewide Customer Relationship Management (CRM) system will be a step in the right direction. If RDC’s are truly the arms and legs of economic development in the state, then we need to be sure they are connected to the “body” in order to be useful.

VtSBDC: We share a good relationship with VtSBDC but there are demands on their staffing which – depending on the market- may have a negative impact for the RDC’s.

Working Lands Organizations: Farm to Plate, Sustainable Jobs Fund and others. One staff member in the department has been very committed to this sector. Jared Duval is solely committed to working lands as a sector and it is the only such example we have in the department.

VERMONT ECONOMIC PROGRESS COUNCIL (VEPC) OVERVIEW

VEPC is an independent body created by the General Assembly that is attached to ACCD for administrative support. VEPC is housed within ACCD and receives legal, grants management, IT, and other services from the agency. VEPC's budget is included in the DED budget. VEPC is staffed by an Executive Director who is appointed by the Governor with the consent of the Senate and one classified employee (currently a Grants Management Specialist).

The Council consists of a voting board of eleven citizens, plus two non-voting members from each region, one designated by the RDC and one by the RPC. The Board has nine members appointed by the Governor, a member from the House appointed by the Speaker, and a member from the Senate appointed by the Committee on Committees. The current Board members are:

<u>Member</u>	<u>Region</u>	<u>Term Ends</u>
Tim Briglin	Windsor County	2017
John Davis	Chittenden County	2019
Betsy Gentile	Windham County	2017
Michael Keane	Bennington County	2017
Warren Kitzmiller	Washington County	House Appointee
Mary Lintermann	Lamoille County	2017
Emma Marvin	Lamoille County	2019
Stephan Morse	Windham County	2019 (Chair)
Kevin Mullin	Rutland County Senate Appointee	
Rachel Smith	Franklin County	2017
Vacant		2019

Terms for the executive director and five of the members expire in March 2017 and four in March 2019, with statutory allowance for reappointment by the Governor. Mary Lintermann has resigned but is staying on the Board until a replacement is named. Candidate names from Springfield and NEK to fill the vacant seat and Ms. Lintermann's seat were submitted to Governor in August 2016.

VEPC administers three programs in accordance with statute: the application and approval process for the Vermont Employment Growth Incentive (VEGI) program, the application and approval process, as well as monitoring and oversight of TIF Districts, and the remaining requirements for the Economic Advancement Tax Incentive (EATI) program. VEPC partners with the Tax Department for all three programs.

In agreement with ACCD, but without legislative mandate, VEPC also administers the Windham County Economic Development Program and is administering the grants provided by the Vermont Enterprise

Fund. Additionally, VEPC Executive Director provides assistance with business recruitment functions and assists with policy development and legislative initiatives.

VEGI:

- Program started in 2007
- Potential incentives available (based on annual caps): \$128 million
- 96 applications considered with incentives valued at \$70.7 million
- 53 projects denied, rescinded, or terminated valued at \$34 million
- 43 projects active valued at \$36.6 million
- New qualifying jobs created: 4,750
- New qualifying payroll and capital investments: \$976 million
- Net revenue benefit to State (after cost of incentives): \$37.6 million
- For detail view [2016 Annual Report](#)

TIF Districts:

- Eleven Districts approved by VEPC or legislation
- Nine Districts active
- Colchester terminated their District and Newport District ended as scheduled (all debt paid)
- Total projected infrastructure value: \$213 million
- Total projected increase in taxable value: \$777 million
- For detail view [2016 Annual Report](#)

WCEDP Program:

- Funds scheduled to be paid to State per MOU with Entergy: \$10 million over five years
- Funds received: \$6 million
- Funds awarded: \$4.480 million
- 76% for businesses and entrepreneurial activities; 24% to non-profits for economic development infrastructure
- Incentives: 60%; Loans: 16%; Non-Competitive grants: 10%; Competitive Grants: 13%; Other: 1%
- Program faced local criticism during first year. After reboot, including creation of a regional advisory council, criticism has decreased.
- Incentive, non-competitive and competitive grant decisions require direct involvement in the decision process by the Secretary of ACCD and the Governor. Incentive projects arise as company expansions and recruitments develop and are worked by ACCD and BDCC. Competitive grants are on an annual schedule, with projects responding to an RFP. Letters of intent to apply are screened by the regional council and ACCD. Applications are then scored by ACCD staff and prioritized by VEPC with a recommendation to the Governor. All non-competitive grants are already approved.
- Loans are approved for program eligibility by the regional council and ACCD. Applications are underwritten by VEDA and approved by the ACCD Secretary.

MAJOR AND EVOLVING ISSUES

VEGI “But For:”

- Program is performance-based, but assuming “But For” is true, future revenues used to pay incentive are not incremental to the State.
- Some legislators, the current auditor, and groups such as the “Public Asset Institute” do not believe the “But For” can be determined by anyone and the auditor claims it cannot be audited. Yet, for almost 20 years, the VEPC Board has been required to make that determination.
- VEPC has never maintained the “But For” is auditable or determinable. It is a subjective determination.
- Auditor has initiated an audit to compare details from company “But For” statements with evidence gathered and prepared by VEPC staff for the Board.

TIF:

- TIF is supported by those who know there are few ways to finance public municipal infrastructure and understand that temporary utilization of incremental education property tax revenue for economic and community development purposes will, in the end, generate more education property tax revenue.
- TIF is opposed by those who see it as a raid on education revenues.
- Statute prohibits the approval of any further TIF Districts.
- However, there is interest among several municipalities and some legislators to allow more TIF Districts.

KEY DATES

VEGI

Act 157 also requires VEPC to examine 8 policy questions and report back to legislature by January 15, 2017.

Act 157 also re-established the VEGI Technical Working Group to examine 4 technical questions and report back to legislature by January 15, 2017.

TIF

Part of a housing study required by Act 157 (2016) is focused on alternatives to TIF to fund infrastructure required to encourage more housing development. Report is due to the legislature by December 15, 2016.

WCEDP

The final two \$2 million payments to the state are expected in April 2017 and April 2018.

At the current rate of awarding and disbursing funds, awards are likely to extend to the end of 2019 or into 2020.

All the loans (principal and 50% of the interest) and some of the incentives are set up to revolve back into the fund and will be available for the region for perpetuity.

EATI:

Program ends and all statute sunsets December 31, 2016.

VERMONT DEPARTMENT OF TOURISM AND MARKETING

OVERVIEW

VDTM consists of 8 staff. Commissioner, Deputy Commissioner, Communications Director, Sales Manager, Outdoor Recreation and Cultural Heritage Specialist, Digital Marketing Coordinator and Marketing Coordinator. We oversee a \$3.2M investment in Marketing Vermont to both the domestic and overseas markets. Early in this administration VDTM decided to eliminate our Advertising Agency contract and do our work internally. At that time, Steven Cook, Deputy Commissioner, began running our Advertising program with two staff. This has proven to be extremely positive and has saved a great deal of money which we have been able to reinvest in marketing.

MAJOR AND EVOLVING ISSUES

The biggest issue has consistently been budget \$\$\$. Our neighboring states keep expanding their spending and really going after our summer/fall market share. We remain solid in the winter due to the large sums of money that the resorts invest in marketing and in infrastructure. Our hope is that as they continue to build more year around activities, they will increase their summer/fall marketing spend. Our key advertising partner, Cabot, had to temporarily back away from our partnership in 2014. Fortunately though, they will be coming back this winter with a \$100,000 investment.

The sustainability of regional chambers of commerce have also become an issue post Vermont Health Connect. Their funding models all depended on income from health insurance purchased by their members. So when that dried up, so did a large part of their budgets. It has taken a few years to feel the full impact but we are losing small and large chambers all over the state. Commissioner Smith is spending these last 6 months working hard with these regions to find solutions.

INTER-AGENCY ISSUES

VDTM has two very solid partners outside of ACCD in Transportation and Agriculture.

VTRANS and VDTM partner in all things marketing with Amtrak as well as communicating safety issues to travelers. Much of this work is in response to new legislation or changes in national policy. When the federal government unfunded the National Byways Program, VTRANS committed \$50,000 per year to VDTM to market the byways program. That money is not being put into the 2018 recommend from VTRANS due to revenue downturns.

The Agency of Agriculture, the Chief Marketing Officer and VDTM coordinate on many initiatives. Eastern States Exhibition (The Big E) is our biggest investment, but we do projects all year around food products and agritourism. There is some intersection with the Vermont Sustainable Jobs Fund and Vermont Fresh Network as well as SkiVermont and their specialty food program. The beer, food, wine and spirits sectors have been on an upward trajectory for tourism for the 6 years of this administration.

KEY DECISION DATES

All of our marketing work is seasonally driven with dates for trade shows being set years in advance.

LEGISLATION

Deputy Commissioner position: Given the small size of the Department, my recommendation would be to turn the Deputy Commissioner position currently held by Steve Cook, into an Advertising Director exempt position. Taking advertising in house has worked very well. When we arrived, the Deputy

Commissioner served as the Publisher of Vermont Life Magazine which took 1/3 of his time. Although Steven has always taken on duties of a Deputy Commissioner he mostly acts as an Advertising Director. He is well respected for his work in advertising throughout the industry and is asked to speak at conferences nationwide.

Funding: VDTM has support in both the Senate and House committees of jurisdiction. Although we lost a few key supporting members in the appropriations committees we still received level funding in all of the years of this administration. The State Chamber and Ski Vermont have lobbied very hard for a formula tied to our increased Rooms and Meals Tax which is done in many states. The intent was to get our funding back to the pre-recession high of \$6.2M.

EXTERNAL GROUPS AND ORGANIZATIONS

Discover New England – The six state tourism directors make up the board of DNE. Megan is currently the treasurer. The executive board positions rotate every two years. Currently the chair is Carolann Ouellette from Maine. The board has quarterly meetings and is actively involved in overseeing the 2-person office. Each state puts in \$110,000 for the program then Vermont puts in an additional \$49,000 for trade shows, sales missions, expenses and dues to various Visit USA offices around the globe.

Travel Recreation Council: The Travel Recreation Council is comprised of 10 industry leaders appointed by the Governor. Both Vermont Ski Areas Assn. and the Vermont Chamber of Commerce have permanent seats on this council. Recently the position of the Chair, Ed Stahl from Stowe Area Assn. was vacated due to his resignation. We intend to leave this spot open for the next administration to appoint.

Vermont Chamber of Commerce – as with Ski Vermont, there is no board seat but we are very involved. We have an MOU with them to do our Vacation Guidebook and Travel Planner. Two of their subsidiaries are Vermont Attractions Assn. who do our Official State Map and Vermont Tourism Network who does the Group Tour Manual. Included in the MOUs are our distribution responsibilities for all of these pieces. Our staff overlaps with all of the tourism staff at the Chamber and it is a very strong relationship.

Champlain Valley Expo – This is an Ex Officio seat but try to go to 3-4 meetings per year.

Lake Champlain Basin Program - VDTM has a seat on this board which has been most recently designated to Laura Trieschmann, State Historic Preservation Officer. Her involvement made sense due to her duties but VDTM keeps a close relationship with LCBP through the Cultural Heritage Specialist and the Commissioner.

Vermont Tourism Summit – Commissioner has a seat on this Board – Megan filled the seat and was very active to help make the conference the best it could be.

Vermont Campground Assn – VCA has been an excellent partner. We contribute \$15,000 to their printed guide for including byways and a full page tourism ad. In return, they distribute our summer guide and state maps at all of their consumer shows. They also volunteer at the Big E as much as we need them. Deb Carbin, the new Executive Director, worked as a contractor for us to do domestic trade shows prior to Katleen Kolva being hired.

Grantees

Vermont Ski Area Association - Although we have no official status with SkiVermont we are very close marketing partners and we support each other in trade shows and in the event of staff turnover.

Vermont Mountain Bike Assn – VMBA is our newest grantee. We started supporting them in 2012 and they have been another excellent partner. Hilary DelRoss from VDTM sits on their board.

Vermont Convention Bureau – Traditionally the Commissioner has a seat on the executive board of the Vermont Convention Bureau as the department grants them \$95,000 per year for operations.

VERMONT LIFE MAGAZINE

OVERVIEW

For more than 70 years, as part of the Department of Tourism, Vermont Life Magazine has promoted Vermont as a beautiful, relaxing place to visit. Recently, in an effort to work more closely with the Department of Economic Development, the magazine has incorporated articles that portray Vermont Life as a great place to work or own a business as well. Stories of entrepreneurs, successful business and thriving towns and cities now accompany restaurant reviews, arts listings and articles about outdoor recreation opportunities. All serve as earned media for the state touting Vermont's superior quality of life. In addition to the print version of the magazine, Vermont Life also produces a digital edition, two newsletters, a catalog, seven magazines, and has an active presence on Facebook, Twitter and Instagram.

MAJOR AND EVOLVING ISSUES

Vermont Life's new branding effort is closely aligned with the goals of the Agency as a whole. The state is dedicated to trying to bring in more young people to balance our aging population, and it is well established that work/life balance is of utmost importance to Millennials. Vermont Life's focus on the state's success stories and our high quality of life is critical to the state's marketing efforts to this demographic. The Vermont Life staff has also become an integral part of the state's economic development marketing efforts. We have built a new consumer-facing website for Economic Development that acts as a lure piece for anyone thinking of moving to or starting a business here; Vermont Life has developed collateral for giveaways at trade shows, produced videos for marketing the state, and will be handling social media, story placement and newsletters for Economic Development for the next couple of years.

Besides working closely with the Departments of Tourism and Economic Development and the Chief Marketing Officer, Vermont Life has also established a close partnership with the Department of Housing and Community Development. We edited the Vermont Planning Manual for the Department of Housing and Community Development, a publication that is distributed to Vermont Municipalities to help them with long-range community and economic development planning.

INTER AGENCY ISSUES

Vermont Department of Fish and Wildlife: Vermont Life creates and publishes the Fish & Wildlife calendar, and this year, it also redesigned and published the annual Vermont Fishing Guide and Regulations. This publication is the source of all regulations and guidance for anglers, and is given to any person purchasing a fishing license.

Agency of Agriculture: Vermont Life has also worked extensively with the Dept. of Agriculture on advertising coops.

KEY DECISION DATES AND LEGISLATION

Last year, the legislature stipulated that the Secretary of ACCD and the Agency of Administration would need to come up with a plan to solve Vermont Life's financial problems (see below) within the next two years. This year, that discussion is sure to be ongoing during the legislative season. The Agency's position is that it's time to change the narrative regarding Vermont Life, and stop referring to the magazine as "losing money." Not only does Vermont Life generate tens of millions of dollars more revenue for the state than its \$2 million operating costs, it is now also an integral part of the marketing efforts for Tourism, Economic Development and Fish & Wildlife.

EXTERNAL GROUPS AND ORGANIZATIONS

Vermont Life has an Advisory Board that has been inactive for years. This fall, we recruited some new members in an effort to reinvigorate the board. The goal is to encourage the board to play a more active role in supporting the magazine to the legislature and developing advertising connections to help improve Vermont Life's bottom line.

GENERAL INFORMATION

From an operational standpoint, Vermont Life falls under the direct supervision of the Commissioner of VDTM. Importantly, while the Commissioner is responsible for the operational aspect of the enterprise, statute bars any direct influence of the Commissioner or any person outside of the enterprise on the editorial content of the publication. This assures that political or other commercial considerations do not drive editorial policy.

Vermont Life is an Enterprise Fund that receives no General Fund appropriations. Advertising sales, subscriptions and product sales are the three major sources of income. Despite significant cost reductions (including a decrease in staff numbers by 50 percent in the last 9 years and negotiated decreases in cost in print, shipping, editorial and photo use) and increased workload (the aforementioned Fish and Wildlife guide and the extensive work for the Dept. of Economic Development), Vermont Life still faces significant financial challenges. Magazine subscriptions nationally fell significantly during the last 20 years with the advent of the internet, and Vermont Life was no exception. However, in the last two years, the slide has stopped and subscriptions have increased 11 percent. Meanwhile, advertising sales that had fallen off steeply are also on the increase with the hiring of a full-time in-house ad sales person. We believe the advertising component is on much more sound footing now than it has been in years.

The magazine generates an estimated \$33.5 million annually in dining, lodging and real estate services, calendar sales and associated taxes. It provides an additional \$103 million annually in property taxes. It also provides, through paid advertising, an effective medium for Vermont firms to market their goods and services.

Since 2013, when Vermont Life's publisher died, VL has been managed by Editor Mary Hegarty Nowlan and Associate Publisher Sky Barsch; more than \$100,000 has been saved annually in salary and benefits. Since then, important changes in operations have saved a significant amount of money and increased revenues above projections. There has been an aggressive effort to manage costs and bring in increased revenue by making Vermont Life essentially a marketing arm for other departments, including Economic

Development and the Dept. of Fish & Wildlife. The benefits of having in-house publishing expertise far outweigh the costs.

DEPARTMENT OF HOUSING & COMMUNITY DEVELOPMENT

DHCD OVERVIEW

Vermont is home to some of the strongest communities in the country. The staff working on the programs of Department of Housing and Community Development (DHCD) provide training, technical assistance and regulatory guidance as well as funding and incentives. DHCD helps businesses, individuals, municipalities and community leaders determine how to maximize their infrastructure, revitalize town centers, protect our historic and cultural resources, promote the working landscape, develop housing options that are affordable, and develop new projects that support the state's land use goals and recreational opportunities.

DHCD has a Commissioner (Vacant) and Deputy Commissioner (Josh Hanford) with support from a General Counsel (Dale Azaria) and Executive Assistant (Kitty Sweet) and is divided into five Divisions as follows:

- ***Vermont Community Development Program (VCDP)***
- ***Community Development & Revitalization (CP+R)***
- ***Historic Preservation***
- ***Housing***
- ***Grants Management***

Each Division has a work plan that feeds into individual performance evaluations for all the staff. Over the past five years we have worked to outline with each staff member the specific job duties and performance measures for each level (unsatisfactory, satisfactory, excellent, outstanding). Over the past two years 100% of staff have received evaluations on time. Each Division head meets regularly with their team to stay connected and ensure deadlines and goals are met. They bring any issues/milestones/heads up to our bi-weekly senior staff meetings, note in the weekly or in person depending on the issue.

Vermont Community Development Program: VCDP is primarily funded through the U.S. Department of Housing and Urban Development (HUD) under the Community Development Block Grants (CDBG) program. VCDP assists communities on a competitive basis by providing financial and technical assistance to identify and address local needs in the areas of housing, economic development, public facilities, public services and handicapped accessibility modifications predominantly for persons of low and moderate income. In addition, financial assistance is provided to communities for threats to health and safety issues, such as disaster recovery, urgent/emergency needs, and slums and blight projects.

Staff:

Josh Hanford	Director
Cindy Blondin	Grants Specialist
Carl Bohlen	Community Development Specialist
Claire Forbes	Community Development Specialist
Nathan Cleveland	Community Development Specialist

Key Programs & Funding: VCDP administers the State's allocation from HUD for the CDBG program. All communities in the state (with the exception of Burlington) are eligible applicants and the program has awarded grants to every community in the state in its 35-year history. Grants range in size from \$10,000 to \$1,000,000 and can cover a large variety of community needs. Over the past 3 years VCDP has also overseen the allocation and award of \$40Million in CDBG-Disaster Recovery (CDBG-DR) funding provided by HUD after Irene. Those funds have been allocated (to more than 100 communities, businesses and non-profits) and projects are moving forward. Staff provide guidance, and technical assistance to applicants; review applications; participate in grant development and staff the CD Board that provides funding recommendations to the Secretary on behalf of the Governor. Funding for staff is a mix of Federal and General Funds. Over the past several years, funding for regular CDBG has dropped from \$9 M to \$6.6M. VCDP shares the administrative funding from HUD with Grants Management Staff who are responsible for ensuring all Federal requirements are met at the state, municipal and project level for all CDBG grants and loans distributed. Federal requirements and oversight have increased dramatically over the last several years and staff must stay current and manage all open grants and projects. Currently there are over 150 active VCDP projects representing more than \$45Million in federal funding.

Community Planning and Revitalization: CP+R works to promote planning in Vermont municipalities and manages state grants programs to support that work; incorporates smart growth policies in all of its project funding and land use policy work; fosters cooperation and coordination among regional planning and development organizations; administers tax credits for historic properties throughout the state; and manages the Designation programs and financial incentives for designated downtowns, villages, new town centers, growth centers and Vermont Neighborhoods.

Staff:

Chris Cochran	Director
Annina Seiler,	Grants Management Specialist
Richard Amore	Planning and Project Manager
Vacant	Planning and Policy Manager
Faith Ingulsrud	Planning Coordinator
Gary Holloway	Downtown Development Specialist

Key Programs & Funding: Primarily General Funds for staff to manage the programs and grants and incentives which come from a variety of sources. Staff oversees (outreach, presentations, working with communities on applications, presentations to the Downtown Board, grant oversight) general regional and municipal planning functions; designations programs (Downtowns, Village Centers, New Town Centers, Growth Centers and Neighborhood Development Areas); Municipal Planning Grants; contracts/grants to RPCs; Downtown Transportation Infrastructure Grants; Downtown Tax Credits (with DHP). This team was also involved with two Irene recovery planning projects: Vermont Downtown Action Teams (funded by CDBG-DR), and the Vermont Economic Resiliency Initiative (funded by EDA) and they continue to are work with several communities to help implementation the recommendations from these reports.

Historic Preservation: DHP works to keep Vermont's historic villages and downtowns, historic buildings, structures, and landscapes, and archeological heritage as vital parts of our communities and state. Their programs promote preservation and appreciation of these resources through stewardship of the State Historic Sites; technical assistance to landowners, towns, non-profits, and state and federal agencies; grant programs to public and non-profit-owned historic buildings and to historic barns regardless of ownership; maintaining the State and National Registers and many other services and resources.

Staff:

Laura Trieschmann	State Historic Preservation Officer
Jenni Lavoie	Administrative Assistant
Jesse Blondin	Financial Administrator
Devin Coleman	State Architectural Historian
Jess Robinson	State Archeologist
Jamie Duggan	HP Senior Review Coordinator
Scott Dillon	Survey Archeologist
Yvonne Benney Basque	Historic Resources Specialist
Debra Sayers	Program Technician
Tracy Martin	Historic Sites Operations Chief
Marylou Chicote	Regional Sites Administrator (Bennington Monument)
Elsa Gilbertson	Regional Sites Administrator (Chimney Point; Mt. Independence; Hubbardton Battlefield)
William Jenney	Regional Sites Administrator (Plymouth; Old Constitution House)

Key Programs & Funding: 50% of the funding comes from the National Parks Service to assist Vermont in meeting statutory requirements. In 2008 NPS sent a letter to the State outlining concerns and questioning if DHP had the resources to carry out obligations. There was an underlying threat that NPS could come in and take over state's role as they had done in Hawaii. As a result of that letter, DHCD did a comprehensive review of DHP and made recommendations for reorganizations, job description updates, increased staff and additional funding support. It has resulted in better communication to clients and smoother project reviews. The Historic Sites are a combination of General Fund, Capital Fund, and Special Fund (admission fees and gift shop sales and donations).

Housing: The Housing Division, coordinates the development of the State's annual HUD Consolidated Plan which guides funding decisions for DHCD's the largest funding source CDBG, as well as funding for Home Investment Partnerships Program (HOME), National Housing Trust Fund (NHTF) & Emergency Solutions Grant (ESG) administered by the Vermont Housing Conservation Board (VHCB) and the VT Agency of Human Services (AHS). The division is also responsible for the state's housing policy and administers laws for protection of mobile home park communities and residents and also administers the state Charitable Housing Investment Tax Credit.

Staff:

Arthur Hamlin	Program Coordinator
Shaun Gilpin	Housing Policy Specialist

Key Programs & Funding: Staff are primarily General Fund, with Mobile Home Registration Fees offsetting most of Arthur's salary. Along with the Consolidated Plan, mobile home law administration, land-lord tenant laws, and the VT Charitable Housing Investment Tax Credit, this Division works closely with AHS, Public Housing Authorities, Council on Homelessness and staffs the VT Housing Council and is involved in housing legislation.

Grants Management: The Grants Management staff (GMS) is responsible for the overall compliance of all the Federal and State Regulations, Statutes, Guidelines and Policies for agency HUD Programs and other ACCD assigned grant programs: currently this includes CDBG, CDBG-DR1 and CDBG-DR 2; the Neighborhood Stabilization Programs (NSP1 and NSP2), CDBG supported local & regional Revolving Loan Funds; the HOME & NHTF that the State contracts with VHCB to administer under the oversight of GM staff; and HUD Economic Development Initiative Grants (EDI). The staff seeks to promote an environment of success and full compliance for the Programs with the Grantees by providing a high level of technical assistance.

Staff:

Ann Karlene Kroll	Director
Ray Marzbani	Sr. Grants Management Analyst

Cassie Bell	Grants Management Specialist
Quinn Mann	Environmental Officer
Maria Davies	Grants Management Specialist-DR (Limited Service; ends 12.10.17)
Jessica Mendizabal	Grants Management Specialist-DR (Limited Service; ends 12.10.17)
Tamera Pariseau	Grants Management Specialist-DR (Limited Service; ends 09.30.17)

Key Programs & Funding: As mentioned above, GMS oversees the regulatory requirements for Federal and State funding for DHCD and VHCB. They work closely with the VCDP staff to ensure that issues are raised and considered early with time to consider options. The team has an amazing track record for strong audit reviews and in recent years, any findings have related to capacity issues. Federal requirements have been increasing and/or becoming more complicated and funding to administer the ongoing Federal funds have not increased. Funding for staff is a mix of Federal and General Funds and as noted in VCDP overview, federal & state funds have not increased to meet growing oversight and management demands of Federal funding agencies which includes direct loans, revolving loan funds, as well as grants.

MAJOR AND EVOLVING ISSUES

- In the spring of 2016, Executive Order (03-16) that required owners of publicly funded housing make available at least 15% of their affordable housing portfolio to homeless families and individuals. DHCD has been leading this effort, working with AHS, VHCB, VHFA and non-profit housing developers and have developed the mechanisms to report and measure the success of this EO. Managing the required reporting and implementation will require significant housing, VCDP and Commissioner level staff time.
- Analysis of Impediments to Fair Housing Report (required for all HUD funding to the state will be completed in-house to save funding by April 2017. A consultant was used the last time and this will require significant time from the DHCD general council and Housing Policy staff. A much more robust Assessment of Fair Housing will be required in 2018/19 and HUD estimates the burden to complete this new report is equal to a full time staff person for a year and requires a consultant to gather and compile required data at an estimated cost of \$200,000. Note that there are national concerns & push back about this new process – staff time and cost vs benefits and continuing to comment on any drafts and work closely with Congressional Delegation on any issues.
- New VT Mobile Home Park Habitability Rules were finalized in the spring of 2016 and went into effect July 1, 2016. New procedures for handling grievances have been developed and will likely be tested over time as DHCD has a role in enforcement of these requirements. In addition, HUD released new foundation requirements for manufacture housing. These requirements are seen as overreach and un-needed and are adding \$4,000 to \$10,000 to the cost of installing new Mobil homes. The Mobile & Manufacture housing community is pushing back hard and looking for guidance. We are working with the congressional delegation to push back on HUD.
- Overseeing RPC contracts can be difficult as we are partners, but also responsible for ensuring they meet their contract requirements and we have worked to ensure consistency and fairness across all eleven. New Commissioner/Deputy will need to monitor the contracts and support staff

but must be sensitive to not requiring un-needed or overly burdensome requirements as the current relationship with the CP&R Director and the RPC Directors is strained.

- DHCD owns and manages 10 historic sites that encompass over 84 structures. Assessments have been completed or are in progress for key buildings at these sites with recommendations for maintenance, restoration and preservation. The information will form the basis for a 10-year major maintenance plan. DHP has been working closely with Buildings and General Services (BGS) to prioritize major and minor maintenance. However, this has resulted in deferred maintenance that needs to be addressed. There is a need to focus on these buildings to ensure they continue to represent our history and the State or determine which properties are a priority and only focus on those.
- DHP staff that review projects for compliance with Federal and State requirements have been working to support developers, provide clear guidance and review projects quickly. Consultant and developer training are happening on a regular basis; the Resource Room has been digitized and info is now available on line; projects are being reviewed within the 30day timeline 95+% of the time; working on putting forms online and reaching out to develop relationships with larger developers.
- DHCD moved the Archeological Center from South Burlington to the VHS building in Barre. It has been a good partnership and the State Archeologist has been working to build partnerships and funding with VHS as well as the Sites to support education and exhibits.
- Finalizing the CDGB-DR 1 and 2 will be a key milestone that should be recognized. Vermont received a large amount of funding compared with other states and the short time line, on-the-ground results and partnerships could be recognized working with the Congressional delegation.
- Balancing funding with ongoing capacity issues to monitor/manage grants to ensure compliance and maintain and strong/positive audit reports. Communities, partners, developers and the legislature want to maintain maximum CDBG grant flexibility and a larger variety of project types, but running a program that funds a wide diversity of projects requires more staff to operate. Could consider restructuring if and when retirements in VCDP and GM occur over the next couple of years.
- Working with CD, GMS, CP&R and HP staff to consider more efficient ways to allocate and monitor grant funds may be needed without increase in budget support for staff.

INTER AGENCY ISSUES

- *Housing Studies*: results of multiple housing reports/studies (ACCD\DHCD, AHS, VHCB, VHFA, HVT, CHT, and Chittenden County organizations) will be finalized by end of December 2016/early January 2017 and legislative ideas, proposals will likely be popping early in January.
- *Affordable Housing Crisis*: Housing and cost of living continue to rise. New affordable housing is not keeping up with demand in some areas and in other areas the existing housing stock is detreating and become vacant. New approaches and sources of funding will be needed.
- *Emergency Management/Recovery/Resilience*: DHCD has been working with communities since Tropical Storm Irene to help rebuild as well as help to ensure that future storms do not have the same individual, community and economic impact. Several reports have been generated and staff continue to work with sister agencies to support project implementation.
- *Brownfields, re-use and infill re-development*: Many land use policies, goals and regulations that support smart growth and prevent new development or growth in new areas or Greenfields are being challenged as a result of projects costing more to build in existing built environments due to high environmental clean-up requirements/costs, storm water regulations and other requirements. New flexible funding will be needed as many developers are finding it cheaper and easier to build new, in un-developed areas.

- *Aging Infrastructure:* Significant investment is needed in many of our communities for basic infrastructure. However, new funding sources seems to focus on addressing climate change issues such as alternative energy development, electric vehicle charging stations, walkable communities, and other new trends. Communities are un-able or willing to raise user rates to repair, replace or up-grade water and sewer systems.

KEY DECISION DATES

- Consolidated Plan Annual Update due to HUD: May 16th, 2017 and must include an up-dated Analysis of Implements to Fair Housing.
- *CDBG DR:* Vermont received \$40M in CDBG disaster recovery funding in two pots, each with different federal rules and timing requirements. Supporting staff to ensure grant recipients meet requirements and close out projects will be critical. August 2017 is the last date that Vermont can ask for a waiver for DR funding. We do not have any HUD CDBG-DR funding to extend the limited service staff passed the dates indicated in the staff list above. If extensions are needed because of project delays, there may be a need to keep one of the staff on longer and additional general fund may be required to cover this extension during budget adjustment or in budget process. DR-1 funds need to be closed out and all spent by December 2017 and DR-2 by October 30th, 2017. There may be some need for extensions, but most projects are currently on track. Over the next 18months many of the Disaster Recovery projects will be finalized and could provide great press events.

LEGISLATION

A new housing/infrastructure report to legislature due 12.15.16 may provide legislative/programmatic suggestions for improving aging housing stock, developing new housing and addressing infrastructure needs. This report is being led by an ACCD team including the Dept. Commissioner of DHCD, CP&R, Housing Division and DED staff is a research report that identifies key issues raised as road blocks to housing development and outlines programs in VT and other states that have worked, along with the pros and cons. There are also other reports/studies/task forces and the results of these (DHCD; VHCB; Chittenden County; ACCD) will be finalized and legislative ideas, proposals will likely be popping early in January.

EXTERNAL GROUPS AND ORGANIZATIONS

DHCD has good working relationships with many local, state, federal and non-profit organizations. The key partners include; municipalities, downtown organizations, non-profit housing developers, for-profit developers & business owners, Federal Agencies (HUD, USDA-RD, EPA) State Agencies (AHS, AOT, ANR, BGS, AOA, DOL, PSD/PSB, DEMHS, VEDA) Statewide Housing Agencies (VHFA, VHCB, VSHA, HVT) Statewide & Regional Non-profits (VLCT, Regional Planning Commissions, Regional Development Corps, PTV, Community Action Agencies & Mobile home park owners.

GENERAL INFORMATION

Results Based Accountability (RBA): As DHCD moves toward the goal of presenting its budget in a results-based format within the new budget system, staff continue to review and refine measures and

outcomes to ensure programs are delivering desired results and are in line with the agency's goals. Outcomes and measures currently in place are included annually in the Budget's Strategic Narrative developed for the Legislature each year. Some sample measures include: Lot rent increases, park closures and park sales for the mobile home program; Number of homes preserved or created by income level, jobs created or preserved and number of individuals benefiting from increased access for the VCDP; Number of designations; public dollars leveraged per dollar of tax credit received for the CP+R program; Percentage of projects reviewed within 30 days, number of visitors and amount of gift shop sales for DHP. Working with Agency administration staff, CP+R and DHP are working on developing RBA's for their programs in preparation for RBA requirements for all Departments in state government. Implementing RBA will be a challenge across all programs as measures are not always easy to track, data can be hard to collect and the process will take valuable time away from core program work and staff already stretched thin.

Emergency Management/Resilience: The Agency is involved both in EM response and recovery after a disaster. VCGI is involved with the response, working at the State Emergency Operations Center. They are responsible for staffing the Emergency Operations Center and helping with mapping and data management. The Agency is also responsible for recovery in the areas of Economic and Community Development, Historic and Cultural Resources, and along with AHS, Housing. Details on our responsibilities as well as how we carried out these responsibilities after Irene are on the shared files on the server as well as in the DHCD Commissioner's files.

State Hazard Mitigation Plan (SHMP) Update: DHCD is part of a working group along with AOT, ANR, Agency of Admin, DEMHS and AHS that is in the process of updating the SHMP. The team is working to integrate work and ensure that key projects are identified in the plan as FEMA funding is tied to the SHMP. Staff point for the Agency is CP+R Director. The group has been working at the staff level, with involvement of Commissioners/Secretaries as needed when policy issues are being discussed.

Threat and Hazard Incident and Risk Assessment (THIRA): FEMA requires this assessment each year, usually Sept/Oct. of each year. DEMHS takes the lead and ACCD participates to ensure that information is updated and considered for those areas of the SEOP that we oversee. Staff in each Department are involved in this update.

Planning and Practice: The success of a response to an emergency event relies on the preparedness of municipalities, states, businesses and individuals. ACCD hosts annual training for our Business, Agriculture and Cultural and Historic Damage Assessment (BACH-DA) intake process with Agency staff and key partners. This is one of the processes that was developed after Irene, as part of our Economic and Community Task Force (part of SEOP). IT staff have been trained to lead this training. ACCD also participates in desk top trainings and others that DEMHS develops.

Continuity of Operations Plan (COOP): Each Agency has a COOP that outlines who are the key staff in the event of a disaster, alternative work site and key work programs that need to be up and running over time (days, weeks, months). ACCD Admin staff are point on this plan.

ADMINISTRATION

OVERVIEW

The Department of Administration consists of all functions that support the operations of the entire agency such as financial, legal, contracting, IT and administrative staff. The Office of the Chief Marketing Officer and the Vermont Center for Geographic Information function to serve all agencies and departments across state government but are both housed within the ACCD.

VCGI: The Vermont Center for Geographic Information, a division of the Agency of Commerce and Community Development (VCGI), provides strategic governance and delivers high-quality geospatial data, services, solutions, infrastructure and expertise using methods that are efficient and effective, client-focused, and consistent with its enabling legislation.

In 2015 VCGI moved from a non-profit into state government under ACCD's administrative division, reporting through ACCD IT but maintaining a statewide focus. Over the past year significant effort was expended to stabilize VCGI's operations and to reorganize the positions to best fit the state's needs. An independent analysis of GIS in state government was completed by ESRI and that work resulted in a detailed plan by the EGC (Enterprise GIS Consortium) which is a consortium of state government organizations focused on effective management of the State's enterprise Geographic Information System. In September 2016 VCGI hired a new Director, John Adams, who will work with the new administration to make high quality data a central component of decision making across state government and to help agencies elevate their customer service with the use of Vermont's GIS by increasing transparency and online access to information.

Major programs for VCGI include:

VCGI Imagery Program / Aerial Mapping (Orthophotography and Lidar): The VCGI Imagery Program facilitates and manages activities and services related to imagery and other remotely sensed products that are relevant and useful to Vermont stakeholders. VCGI is responsible for the acquisition, quality assurance, and management of these data products:

Orthoimagery data: High resolution aerial images that combine the visual attributes of an aerial photograph with the spatial accuracy and reliability of a planimetric map. – *USGS*

LIDAR or Light Detection and Ranging: A remote sensing method that uses light in the form of a pulsed laser to measure ranges (variable distances) to the Earth. These light pulses—combined with other data recorded by the airborne system— generate precise, three-dimensional information about the shape of the Earth and its surface characteristics. – *NOAA*

Statewide Parcel Data Program: The Vermont Agency of Transportation is providing funding for a project to accomplish the initial creation and update of parcel data over 3 years to create a statewide, consistent, and up-to-date GIS database of parcel boundaries. The ongoing program will be managed by

VCGI who will ensure that the data is kept current and made available to all via download, web services, and online mapping applications.

The project goals are to create or update parcel data (the mapping data that depicts ownership boundaries on tax maps, plus associated attributes, like SPAN) to meet the state data standard over 3 years and to establish an ongoing program to support annual updates to that data.

Mapping contractors will be chosen by the state to do the initial creation/update. Criteria for choosing which contractors work with which towns will include towns preferences and the ability of contractors to create mapping data that meet the state standard.

VT Open GeoData Portal Project: VCGI currently hosts Vermont's Open GeoData Portal, which allows users to access and use geospatial information and services. The current GeoData Portal is over a decade old, and lacks the capabilities and functionality that end users and publishers need and expect. This project endeavors to build a modern GeoData Portal that supports the needs of users and publishers inside and outside of VT State Government. The project is being coordinated by the State's Enterprise GIS Consortium with VCGI as the lead organization and product owner.

Chief Marketing Officer

The Office of the Chief Marketing Officer (CMO) is part of the Administration Division of ACCD, but functions as a resource for agencies and departments statewide. The primary function of the CMO is to provide strategic marketing and communications expertise, tactical planning support and centralized creative services to enhance the efficiency and effectiveness of marketing and outreach efforts across state government.

Services offered by the CMO to state entities include:

- Branding support (maintain brand standards and review usage)
- Marketing consulting (strategy, tactics, messaging, media planning, design)
- Contract management
 - Oversight on all marketing contracts over \$25,000 (CMO approval required)
 - Master contracts, available to all state entities
 - Media Buying (1)
 - Marketing and Creative Services (4)
 - Photography (3)
 - Prequalified vendor program (administer application, review and renewal process)
- Creative services (graphic design for brochures, reports, tradeshow displays, etc.)
- Digital communications
 - Web content strategy consulting
 - SOV content management system template design and technical support
- Digital asset management (statewide image library)
- SOV Marketing Group (facilitate quarterly meetings of communications personnel from across agencies to share best practices, coordinate and collaborate)

Major and Evolving Issues

Economic Development Marketing

The CMO has been working closely with the Commissioner of DED and the editorial team at *Vermont Life* on the development (completed May 2016, CMO acted as Project Manager) and implementation (underway) of a new statewide Economic Development Marketing Plan. Following consultant recommendations, the top priority has been the creation of a new ‘Why Vermont?’ web portal to entice new businesses and residents to relocate to Vermont, and to inspire existing businesses and young Vermonters to stay and prosper here. While existing staff have stretched to accomplish this initial implementation task, additional staff and budget resources will need to be identified to address other execution priorities identified in the plan, and to support and sustain implementation efforts long-term.

Out-of-State Market Expansion and Promotion of Vermont Products/Producers

Distinct from the ‘place’ marketing focus of the economic development efforts, the CMO has also taken the lead on past ‘product’ marketing initiatives designed to support Vermont businesses through a conceived “Made in Vermont” umbrella marketing and branding program. Efforts to establish the program were suspended in 2014 when it was determined the conditions that contributed the demise of the very similar “Seal of Quality” program (administered by the Agency of Agriculture) were still problematic, including: insufficient staff or budget resources for program development, support or enforcement; insufficient resources for effective out-of-state advertising; and lack of consensus on program benefits, use of state branding or eligibility. The CMO has been working closely with the Agency of Agriculture on a new effort (late 2016) to determine an effective strategy to support the sale of Vermont products out-of-state (of which a product labelling program is one tactic still to consider), thanks to a recent federal grant to the Domestic Export program. Recommendations are due in December 2016.

Creative Services

Considerable progress has been made over the last ten years since the CMO was formed to provide support and resources for marketing and outreach activities across state government. State brand assets are used correctly more often than not, agencies have access to SOV-licensed imagery and master contracts for professional marketing services, and the deployment of a modern website template (2015) and content management system in the digital realm now serves to visually demonstrate the effort to improve coordination among state offices.

To fully and consistently support a uniform ‘look and feel’ for communications originating from the SOV, however, additional capacity for creative services will need to be developed. The demand for CMO services – from all forms of printed collateral, fact sheets, report templates and infographics, etc. to professionally and effectively communicate the state’s policies, priorities and programs; to content strategy, information architecture design and user experience guidance to continually improve SOV websites; to marketing and outreach tactics, media planning and strategy development for broad-based initiatives from clean water to economic development to foster family recruitment – consistently far exceeds our capacity to provide.

Without exaggeration, most every day we are either approached with new work requests or we discover sub-standard work that should be replaced or revised. Messaging across state government is not as consistent as it could be, violations of brand standards do occur, and some departments still insist on designing materials based on questionable personal taste instead of

professional standards. With a staff of two, the CMO does not have the capacity to police all SOV communications. But resourced adequately, the CMO could provide the creative services needed to market and professionally represent the state; to effectively communicate our programs, priorities and role in improving the lives of all Vermonters; and to protect and elevate the state's reputation and encourage economic growth.

Moving forward, an opportunity exists to reorganize the structure of parts of ACCD to potentially create more capacity for the delivery of creative services if additional general funding is not an option. Staff with the creative skill sets needed already sit within VDTM, CMO and *Vermont Life*. An examination of reporting structures and job descriptions, focused on increasing coordination and improving effectiveness and accountability, could expose additional capacity. A reimagined Creative Services department (VDTM/CMO) could, under one umbrella: publish a magazine (*Vermont Life*) that acts as the state's most powerful marketing, branding and economic development tool; advertise and promote the state to visitors (VDTM); advertise and promote the state to potential residents and businesses (DED); as well as provide creative services across agencies to achieve better consistency in state communications and marketing activities, confirm all materials meet state guidelines and standards, and ensure that marketing funds are being used efficiently and effectively.

I. Inter-Agency Issues

Operating as a resource for all state entities, the very nature of the work of the CMO encourages communication and facilitates collaboration across state agencies and departments. In practice, the CMO works closely and consistently with the marketing and promotional (MAP) state agency partners defined in statute (VDTM, DED, Division of Historic Preservation, Agency of Agriculture, Agency of Transportation, Dept. of Fish & Wildlife, and Dept. of Forests, Parks & Recreation) as well as on an as-needed basis with other state entities as requests are received and capacity allows. The CMO also works with the Dept. of Innovation and Information to provide a Drupal-based content management system and design template for SOV websites, incorporating current best practices in user experience and made available at no-cost to state entities.

II. Key Decision Dates

The CMO manages master contracts in three service areas to support the efficient expenditure of state funds for marketing and promotional activities. The master contracts are used on a regular basis across state government. Upcoming renewal dates are as follows:

- Media Buying (2/28/17, recommend exercising first of two possible one-year extension options)
- Marketing and Creative Services (8/31/17, last of one-year extension options available, or could reissue RFP)
- Photography (12/31/17, recommend exercising first of two possible one-year extension options)

III. Legislation

IV. External Group and Organizations

Vermont State Craft Centers

Established in 1993, the Vermont State Craft Centers program (conceived to recognize high-quality craft centers and tie them back to the Vermont brand through official designation) currently includes four Craft Center Galleries and three Craft Education Centers, with two new applications for designation currently under review. The CMO serves as chair of the Overview Commission (responsible for approving all designations) and facilitates the Standards Group (responsible for administering and implementing the application and renewal procedure).

V. General Information

The CMO has a staff of two, the Chief Marketing Officer and a Marketing Manager. The office is funded through General Fund appropriations and limited inter-departmental transfers for some direct creative services. The CMO has historically exercised broad discretion to establish which services are provided at no-cost to other state entities and generally has been reimbursed only for direct expenses.

VI. Anything Else