

2012

Exploring Future Economic Directives
in Hinesburg: Executive Summary



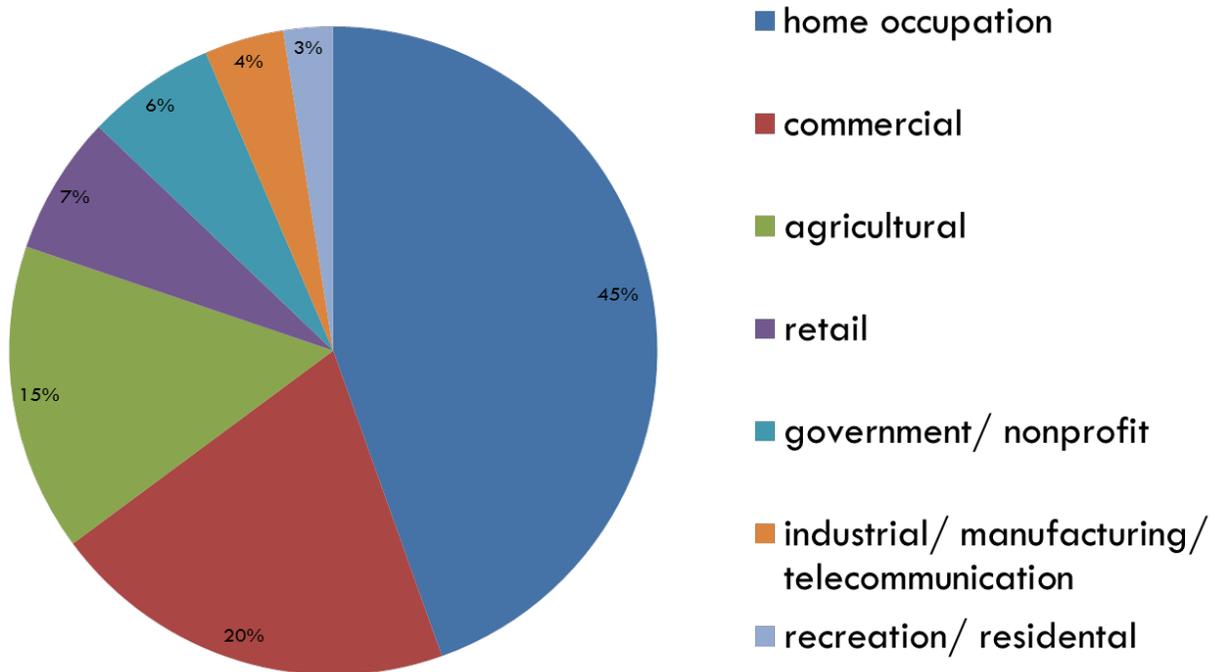
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University of Vermont, MPA Program
5/4/2012

Project Overview:

Graduate students from the University of Vermont, Master of Public Administration Program, in partnership with Hinesburg Town Administrators and community partners, collaborated to help the town develop unique growth opportunities for existing and new area businesses. The project was directed into three areas: 1) Evaluation of the local economy utilizing a database of existing local private, public and nonprofit employers. Developing and administering a survey instrument in an effort to obtain and analyze data to produce a snapshot of the Hinesburg economy; 2) Research best practices and options in administering a municipal revolving loan fund (RLF); 3) Research strategies to develop an Economic Development Committee comprised of community volunteers to administer the RFF and take on additional tasks to enhance the economic viability of the community. Survey results from the business community will serve as an asset to the committee moving forward to aid in establishing these additional directives to undertake that are in the best interest of Hinesburg.

This project summary contains: 1) Survey methodology, highlights, and a copy of the survey and cover letter that was sent out; 2) Four options for managing a RLF derived from project research; 3) Notes from parties interviewed throughout the research process; 4) A print copy of a project summative presentation given at Hinesburg Selectboard meeting in May 2012.

Local Business Sectors in Hinesburg (202 entities identified in April 2012)



Survey Methodology:

Students mailed a town approved 11-question survey, cover letter from Town Administrator Joe Colangelo, and a SASE to 202 local private, public and nonprofit employers identified by Town Planning & Zoning Administrator Alex Weinhagen. The cover letter contained information about an online option for survey completion using the survey monkey web platform. Survey questions were both quantitative and qualitative. The qualitative responses have been coded online. After the initial survey outreach, the survey was distributed a second time to entities that were yet to reply in order to encourage more respondents. Of the 202 surveys distributed, 72 were returned (a 36% response rate). An ideal response rate would have been 50% or greater. Moving forward the Town has the option to re-administer the survey to entities that are still yet to respond, and leave the online link active on its website. Survey respondents that chose to complete the survey in paper form returned it to the Town Office, and the results were entered into survey monkey by a student. The 202 local private, public and nonprofit employers identified were as of April 2012.

The Survey Results:

- All results are assessable online using the survey monkey platform. To access these results please reference the guide located in this project summary.

Some quantitative survey highlights

- 67% of businesses that replied have been established in Hinesburg for more than 10 years. People have roots in the community. There is an incentive to protect their investment and promote economic development efforts to bring prosperity to the area.
- 45% of businesses that replied are optimistic about the economic forecast, 44% believe it will stay the same. These entities cite the town, the community, and the amenities as important reasons for choosing Hinesburg as their home and place of business.
- 35% of businesses that replied have 2-4 employees
- 33% of businesses that replied are sole proprietor
- 76% of businesses that replied own the space that their business occupies. Having ownership in the community is an incentive to participate in activities that improve the economic health of their town.

Looking Ahead...

The survey results reinforce what town administrators already know; Hinesburg is well positioned to call upon the support and guidance of local business, government and nonprofit entities and community members. Successful RLF management and economic development models from additional Vermont municipalities are excellent examples of what worked, what didn't, and what obstacles they encountered along the way. The town of Hinesburg can draw upon these lessons as the town moves forward and the Economic Development Committee takes shape. This survey information can be used by the future committee to incubate ideas for projects and directives it can undertake. It can also be used as marketing material to attract potential businesses to Hinesburg.

Municipal Revolving Loan Fund (RLF) Administrative Options

Scenario #1: Town Maintains Control Over Funds, but not Direct Administration of Funds.

In this scenario, Hinesburg would have control over which businesses received revolving loan funds, however they would not be responsible for the administration of the funds or underwriting. This responsibility would be taken over by either a local bank or non-profit, such as Community Capital of Vermont. A representative from this organization would most likely attend the Revolving Loan Fund Committee meetings, and provide advice to committee members, but would not have a say in which businesses received the funds.

Scenario #2: Town Shares Some Control Over Funds with Financial Institution.

In this scenario, the Committee and financial institution would work together to look at all elements of a business proposal. Both partners would need to approve a loan decision before it would be able to be offered.

Scenario #3: Town Approves Businesses Concept, but Requires Applicants to have a Separate Review by a Financial Institution.

In this scenario, the Committee would be able to approve a business proposal; however it would require all potential businesses seeking loans to go through another review by the partnering financial institution. The Committee would be primarily responsible for determining if the businesses concept would be valuable to have in Hinesburg, and the financial institution would determine if the business was financially viable.

Scenario #4: Revolving Loan Committee is Responsible for Application Review and Administration of Funds.

In this scenario, Hinesburg would be in charge of community education about the availability of funds as well as the application review and revision process. Committee members would be responsible for doing financial research, as well as determining if the business concept would be valuable for the town to fund.

Note: Under all of these proposals, there is the possibility that the Selectboard would need to approve all of the Revolving Loan Fund Committee's decisions before they were binding.

Research Interview Notes

RE: Conversation with Steve Beck RFL manager for town of Brandon.

- * Started their RFL 5-6 years ago. Didn't have any activity for a while and then they received one application.
- * Process started with the Selectboard putting out a public notice that they were looking for volunteers to run the RFL committee. The committee was comprised of 5 volunteers.
 - banker - lawyer - real estate broker - (2) small business owners.
 - In the first year, they met once a month. That didn't work because they didn't have anything to review. Changed meeting schedule to when they received applications.
- * Application and the process is on their town website. <http://townofbrandon.com> Interested people would first fill out an application and submit it to the committee. The committee would review the paperwork as a group and discussed the viability of the project. ALL RFL applications served as bridge loans to traditional financing.
- * Committee would then meet face to face with the individual(s) involved in the application request. Question and answer opportunity. If the business plan had problems, the town & the committee served as resources to improve the business plan. Brandon works closely with Small Business Development and they were always available to consult and help RFL recipients.
- * Revised/committee approved application is submitted to the Selectboard for deliberation and they approve (or deny) the loan. So far they have not denied anyone.
- * Interest on the loan (people can apply 5K-80K) is 2 points below prime. That means in today's terms that people are paying 1.7% interest on whatever they borrow.
- * No one has defaulted on payments. If they do default, the town has collateral in the business. The town of Brandon has paid off the Federal loan, so the money in the revolving loan fund belongs to the town. They were able to pay back the money in ~5years.
- * Huge challenge has been getting the message out. People aren't aware of this fund. Steve puts together essentially a 'marketing packet' that they send out to targeted businesses that they want to attract. Steve finds out about a project that people want to undertake and he approaches them about considering the gap loan.

Devon Fuller - Brandon Selectman & Founder of Economic Development Committee

Tel: 247-3206 (h) (206) 850-6962 ©

Email: devosburros@yahoo.com

Brandon EDC - Established 3 years ago.

*Devon was on the Selectboard and was the first person to start pushing for an EDC. The recession had hit, Brandon showed signs of economic strain.

-Hire ED director, paid, part time position.

-Prior to the development of this position, the person in charge of ED was the same person in charge of zoning. That didn't work.

**The actual formation for the ED panel came as a result of Devon reaching out to a retired business owner, lifetime resident of Brandon. He understood the importance of keeping up, especially with the economy on such a downward slide. When the economy did start to recover, Brandon had to be ready to jump to action.

-If the town didn't make an effort to organize a development committee, they would be that much more behind.

HUGE STUMBLING BLOCK: The Selectboard. Older group of Vermonters, they all worked for the state for years. They were not the ideal candidates to support change. Too risky.

-The board has transitioned since then, younger members, mix of business owners, retired folks, farmers.

SECOND HUGE STUMBLING BLOCK: Hannaford's wanted to put a strip mall/supermarket at the edge of town. People rallied against it. The development of an EDC was viewed with suspicion, people thought the EDC was being formed to support Hannaford's, increase in traffic, jobs etc. It was difficult to shake that stigma.

-EDC made it clear to the people they were NOT supporting Hannaford's. They wanted to revitalize downtown Brandon; fill their storefronts there first, stabilize that area before they allowed another shopping center.

Downtown Designation Committee (DDC): Dept. of Econ Development guided them through the process to get this rating.

-In order to be a DD, town must have historical preservation group.

-Ability to develop the area and sustain the development process.

-Downtown 'core' gets tax credits.

-Networking groups, business to business support.

-Application to be DD must be renewed every 5 years.

-Must be able to show improvement to continue this status.

DDC has different subgroups: Promotion, design, financial.

-Ideally, they want to hire a coordinator to oversee all subgroups. Goal for future.

-locals didn't know about these groups so no one asked them for help.

-DDC, instead of waiting for residents to find them, they went out and informed people and businesses about their mission, etc.

Outside of the assistance of Dept. of ED at the state level ONLY for DDC, Brandon had no outside assistance in organizing the EDC. No mentors. It's something they've chipped away at over the past 3 years.

***Brandon Area Economic Development Committee = name. AREA is important. They wanted to encompass the surrounding towns. It benefits everyone. If the surrounding towns thrive, no doubt it will rub off some on Brandon.

Brandon started public forum meeting right after Irene. Huge turnout. People were very interested in participating. NO NEGATIVE COMMENTS (except for one). Next meeting is April 30th and it will be addressing the major reconstruction of Rt 7. They want to get input on how people can think they can best minimize the impact that this will have on downtown Brandon.

REVOLVING LOAN FUND - BRISTOL

Carol Wells - Executive director. 453-7378

-Not part of the original team that started the RLF.

-In the 80s, not many applicants. Decided to offer low interest loans to people.

-People must first go to a bank and exhaust all available funding opportunities before they apply for a loan from the RLF.

-Volunteer Staff, appointed by the Selectboard.

-3 year term. 2 people come up for election each year (rotation that they worked out)

-Volunteers must have business experience.

-Banker (Merchant's Bank rep sits on the board)

-Lawyer (Can draw up legal documents for a small fee, paid for by applicant).

-Realtor (Someone who is familiar with land values, real estate purchases)

-Communities representatives make up the remainder of the panel.

EDC: Is separate. That is part of the Downtown Community Development Partnership. RLF panel does not overlap with them.

Fred Baser: Original member of the RLF team. Started to form in the mid 80s. 453-2378

-Fred started out on the Selectboard. People were concerned about keeping downtown strong. The buildings needed a facelift.

-Applied for a 300K grant. The grant that they submitted was unique in that it specified that most of the money would be used to loan to business people who owned buildings downtown. They defined 'Downtown' as being:

-low income housing, most of which were located on floors above stores.

-Storefront restoration

- **Initially (when the Selectboard was still in charge of the RLF) they hired Nancy Callback; Clerk of the loans. It was her job to do the marketing and education.
- it was her job to follow through on the use of the loans
- wanted to make sure that people were using the money appropriately.

At this time it was the Selectboard who was in charge of approving the loans. They were involved with the process from start to finish. When the loans that they made started to show a return, and the 'pot' grew bigger, the Selectboard decided to hand the torch to the (new) RLF Committee.

- Selectboard appointment 7 members. Of the seven, one Selectboard member sits on the Committee to facilitate communication to Selectboard members. SELECTBOARD STILL APPROVES LOANS. THEY ARE ON THE HOOK FOR THE MONEY.

RLF COMMITTEE IS COMPRISED OF:

- (2) Bankers. 1 from Merchant's. 1 from Bank of Middlebury One might reclude themselves from RLF review process because of conflict of interest.
 - (1) Lawyer (takes care of writing up legal documents)
 - (2) Financial background members
 - (1) Small business owner
 - (1) Selectboard Member.
- **this kind of team composition keeps RLF costs very low.

**RLFC's charge is:

1. Interviewing applicants and reviewing applications
2. Ask them clarifying questions. If the application needs more info they are the one to point that out and send the person back to the drawing board.
3. They review all financials. RLF does not have the same standards as bank.
4. They decide the terms of the loan. It is up to them to decide interest rate. It will always be less than market, but how much, is up to them.
5. They send on their recommendations to the Selectboard for final approval.

RLF Money is held by the Merchant's Bank. As a community service they do administer the loan. Loan payments are sent to the bank. If someone is late on the payment, Merchant's Bank lets the town administrator know.

BRISTOL DOES NOT HAVE AN ECONOMIC DEVELOPMENT COMMITTEE

- They rely on Addison County's ED committee. They commonly refer businesses people to one another.

- Fred said if they did have an EDC, no doubt they would be working hand in hand.
- EDC is interested in using RLF services.

Overall Message: Keep the community strong, keep it local, and involve people who are in sync with the pulse of the community.

Paul Olsen- Colchester Economic Development Council (5+ years)

Keys points

- Education of committee on current issues at local, regionally and state level important
 - Commitment by members leads to success
 - Council plays advisory role, brainstorms ideas and weighs in on issues
 - This component may be a piece Hinesburg would be interested in with existing business owners, but it cannot be the entire initiative
-
- Council comprised of representatives from major employers in Colchester
 - Appointed by Selectboard
 - Variety of business sectors represented on council
 - Charged with providing advice/and council to the Town Community and Economic Development Director with issues of economic development. Looking to attract and retain business and grow commercial tax base.
 - A lot of brainstorming of ideas. Weighing in on issues like Camp Holy Cross last summer. Provide advice, SB can take or leave it.
 - Value to down, at a beginning took awhile to get “sea legs”
 - Education early on very important.
 - Invited Chamber of Commerce, State of Vermont Marketing Dept.,
 - View this as regional , employees will be from and around the area
 - Educated about a lot of issues- tax, transportation local TIFF tax
 - Meet morning once a month
 - Board is volunteer
 - Help to put together a town guide available throughout the community. Tourism assets. Ad funded.
 - Doesn't see downside
 - Selectboard has to support the effort. Council didn't have a lot of authority, it was advisory.
 - Use Roberts Rules of Order
 - Members of the council **very committed**
 - C & ED Director and Town Manager attend all meetings. Additional town staff from departments attend to present.
 - Occasionally some project work with subcommittees, but not much done outside of monthly meetings.

Vergennes- Kevin Rooney

Key Points

- Strong advocate for paid ED position
- Formed committee, but difficulty meeting and accomplishing things due to busy schedules of business owners
- Involve real estate brokers, property owners
- Explore idea of a partnership

- Need full-time paid position to do this work- advocates for
 - Been volunteering his time
- Vergennes is designated downtown
- Been helpful for Vergennes, help with additional money for building renovations
- Grew up in Vergennes
- City was on verge of losing downtown designation.
 - Established economic development committee with new/younger folks. Was tasked in putting this together. Included real-estate committee
 - Unfortunately, couldn't get everyone to meet (business owners with busy schedules)
 - Went out and met with folks (business owners, networking finding out what's going on)
 - There was a lot of potential. No one else was doing things to develop Vergennes and link potential business tenants and landlords
 - Been doing commercial brokering on the side
- Working to convince City Council to create 40 hour/week paid position for Economic Development.
 - He would spend days meeting with people, trying to create database of commercial space
- Talked with influential people, after recent election council members are set that there may be majority to get the position established
- Middlebury recently hired a position like this
- Have to do this the right way
- Vergennes has revolving loan fund
 - Low income housing grant from HUD
 - Sits on board for fund and reviews applications
 - 5-6 member board. Fund hadn't been utilized for a few years. Has potential to offer all funds to one project.
 - Revolving Loan Fund through HUD has to be managed through the city
- Vergennes partnership
 - Help promote economic development
 - Planning is key
 - Recommends looking at Rutland Downtown Partnership

- Created Facebook page
- Create tie between website and local events
- Problem with real estate brokers can't really tell you what's going on. Tough to get info to share. Landlords won't want to give info. Competition with landlords in the area.
- Suggests holding a meeting with local landlords, property owners residents at beginning to discuss what and how to get things done
- 40 hour week position: real estate/bus. Background be able to go out and meet with residents and state officials/ write grants

Josh Jerome- Community Capital of Vermont

- Community Capital serves as the financial institution and underwriter for all loans
- There are regional committees that approve the loans, however they have successfully worked with towns who would like to have their own committees
- Community Capital focuses on low or moderate income businesses, which would fit well with Hinesburg's lending goals

Vermont Council on Rural Development

Helen Labun Jordan, Program Manager

Re: Forming an Economic Development Committee

- Be aware of volunteer "burn-out" don't overwhelm them
- Make sure potential board members see the "that's me" side of being on the board, within their comfort zone
- Start small, work to build social capital
 - Don't plan a huge event right out of the gate
 - Front Porch Forum
 - Identify priority projects in community
- Embrace team approach in putting together committee
- Find committed individuals
 - One or two leaders, "community champions" to lead the charge



HINESBURG ECONOMY

Research conducted by UVM MPA Students

Objectives



- Gather and analyze local economic information
 - Local Business Survey
 - 36% response rate (72/202)
 - Paper & Online Options
 - Analysis of local business economic sectors
- Municipal Revolving Loan Fund (RLF)
 - Options for governance and implementation
 - Initiated through loan for VT Smoke & Cure
- Economic Development Commission
 - Options for structure considering other VT municipalities

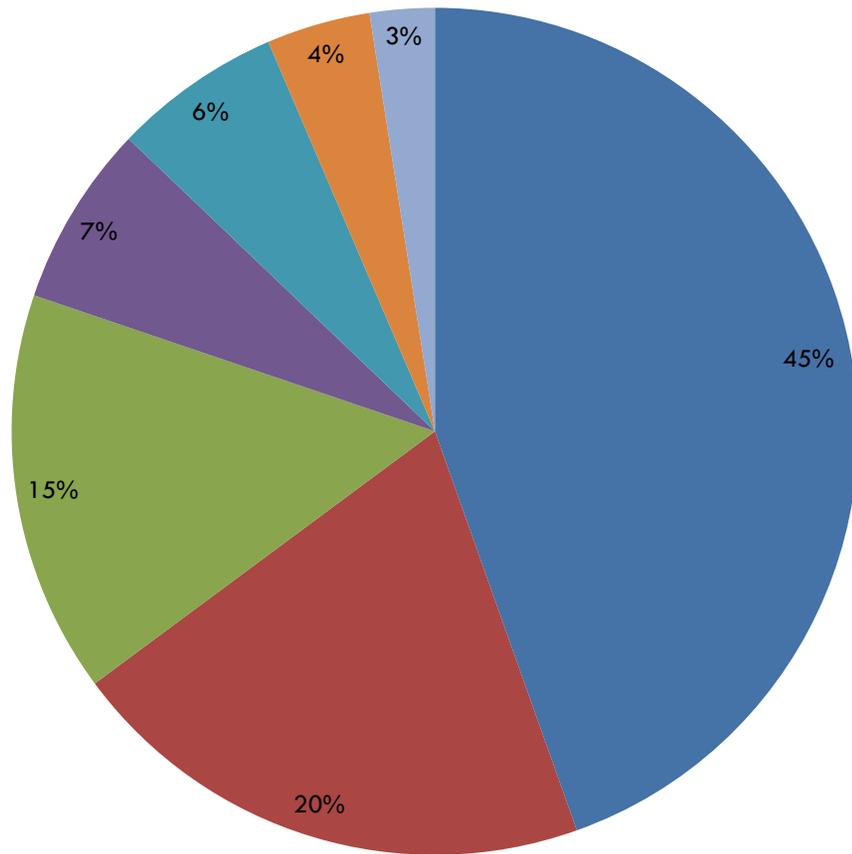
A look at Hinesburg's Economic Sectors



- 202 business entities (as of April 2012)
 - 90 home occupation
 - 41 commercial
 - 31 agricultural
 - 14 retail
 - 13 government/ nonprofit
 - 8 industrial/ manufacturing / telecommunication
 - 2 recreation/ 3 residential

Source: Hinesburg Planning & Zoning

Hinesburg's Economic Sectors



■ home occupation

■ commercial

■ agricultural

■ retail

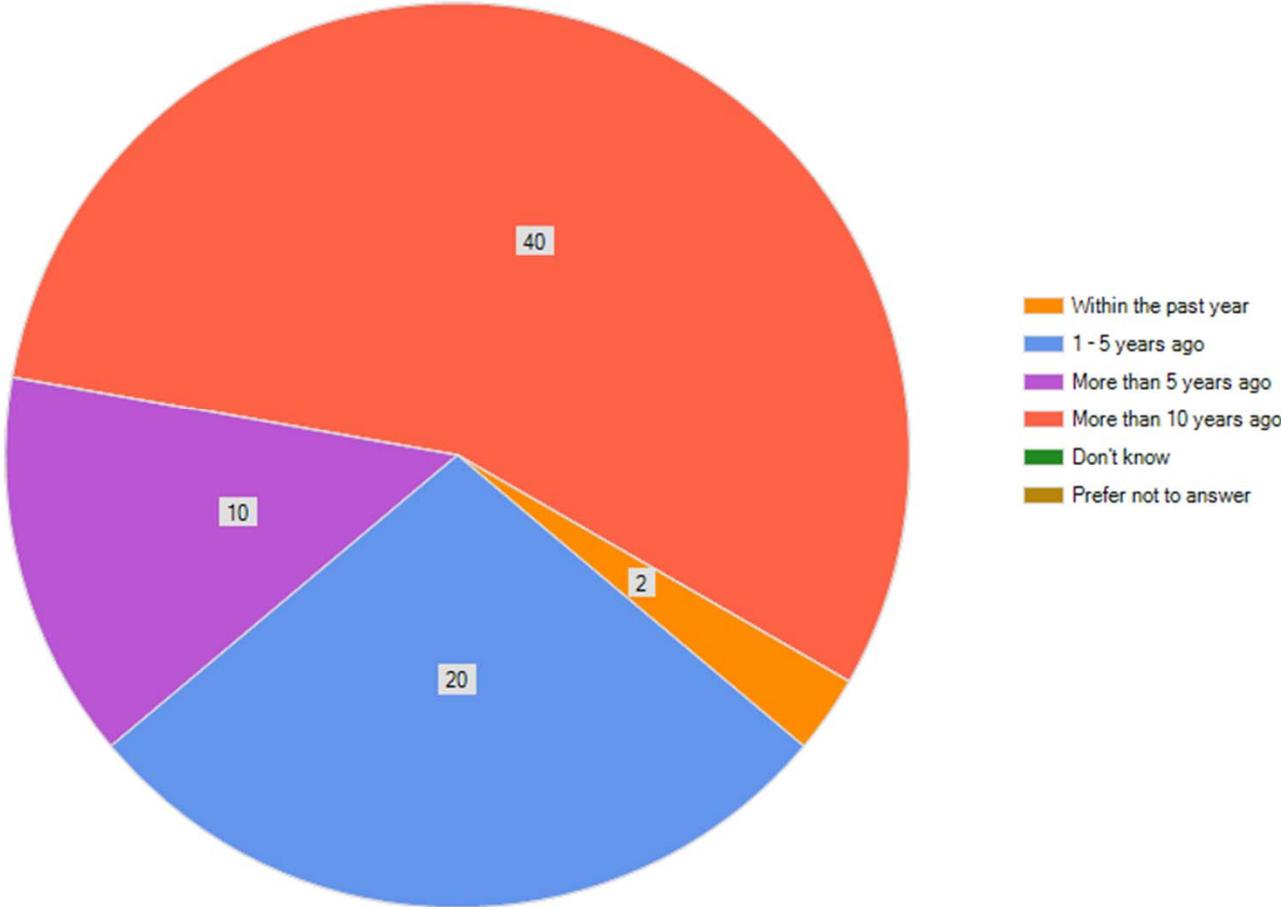
■ government/ nonprofit

■ industrial/ manufacturing/
telecommunication

■ recreation/ residential

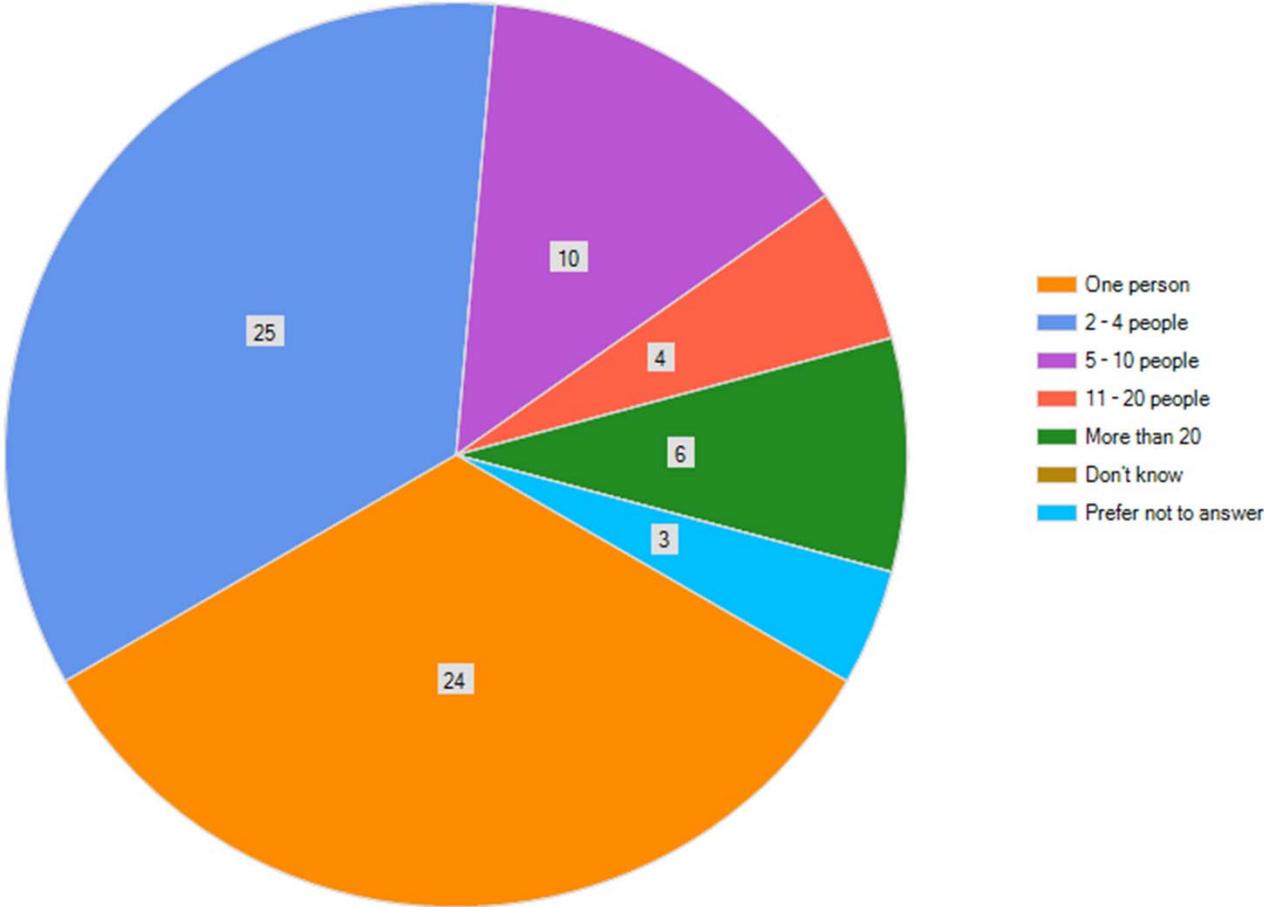
Survey Results

When was your business or non-profit entity established in Hinesburg?



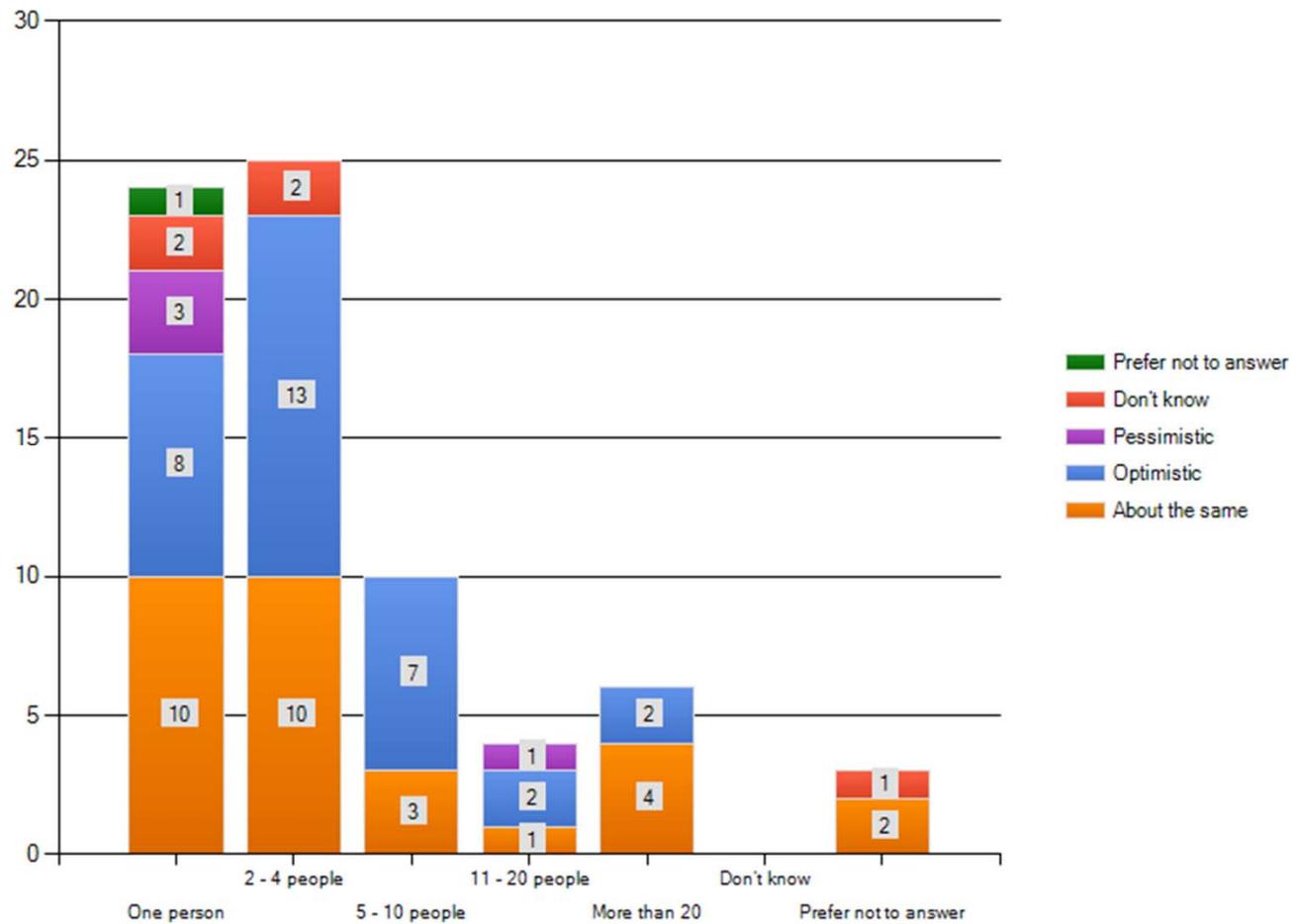
Survey Results

How many people does your business employ on a regular basis (including the proprietor)?



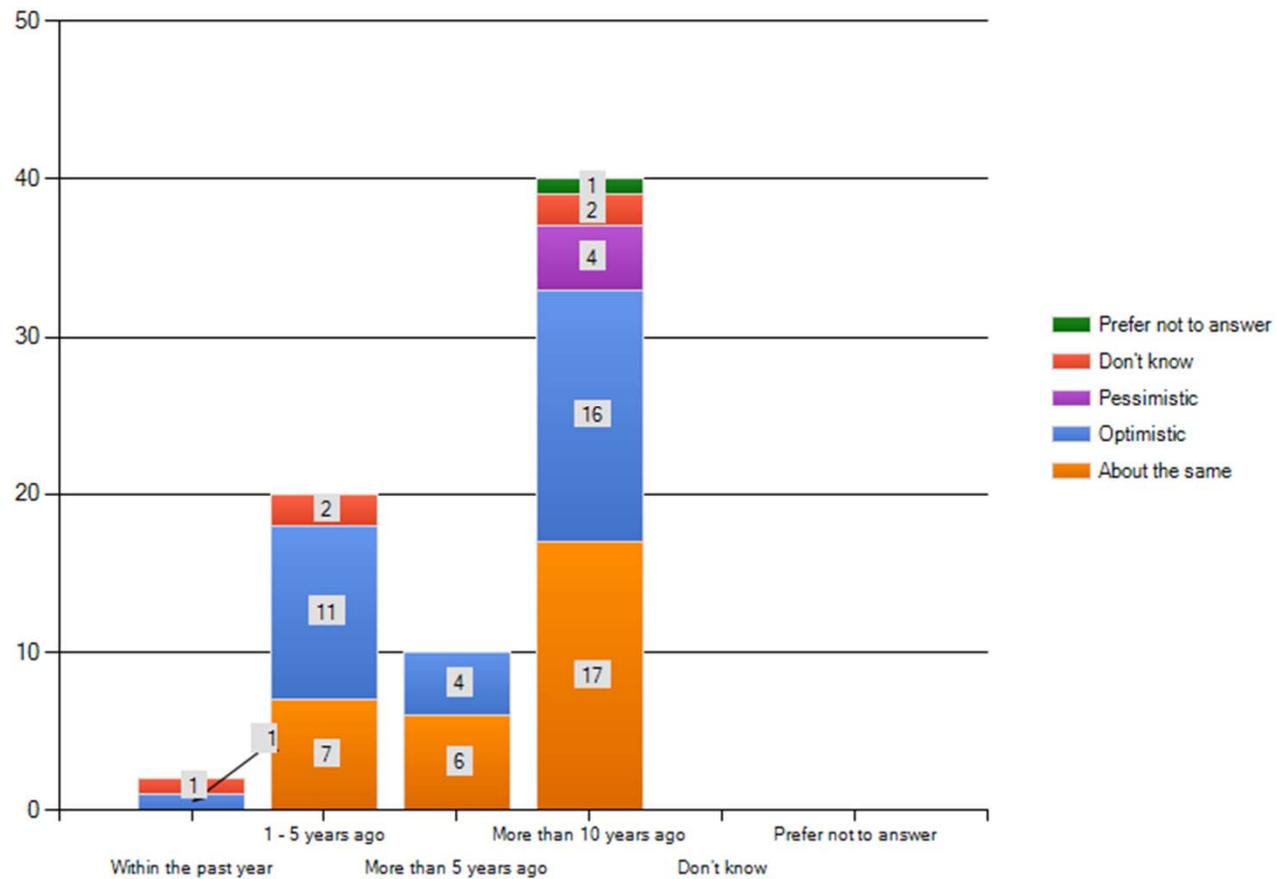
Survey Results

Number Employed Filtered by Outlook for Next Year



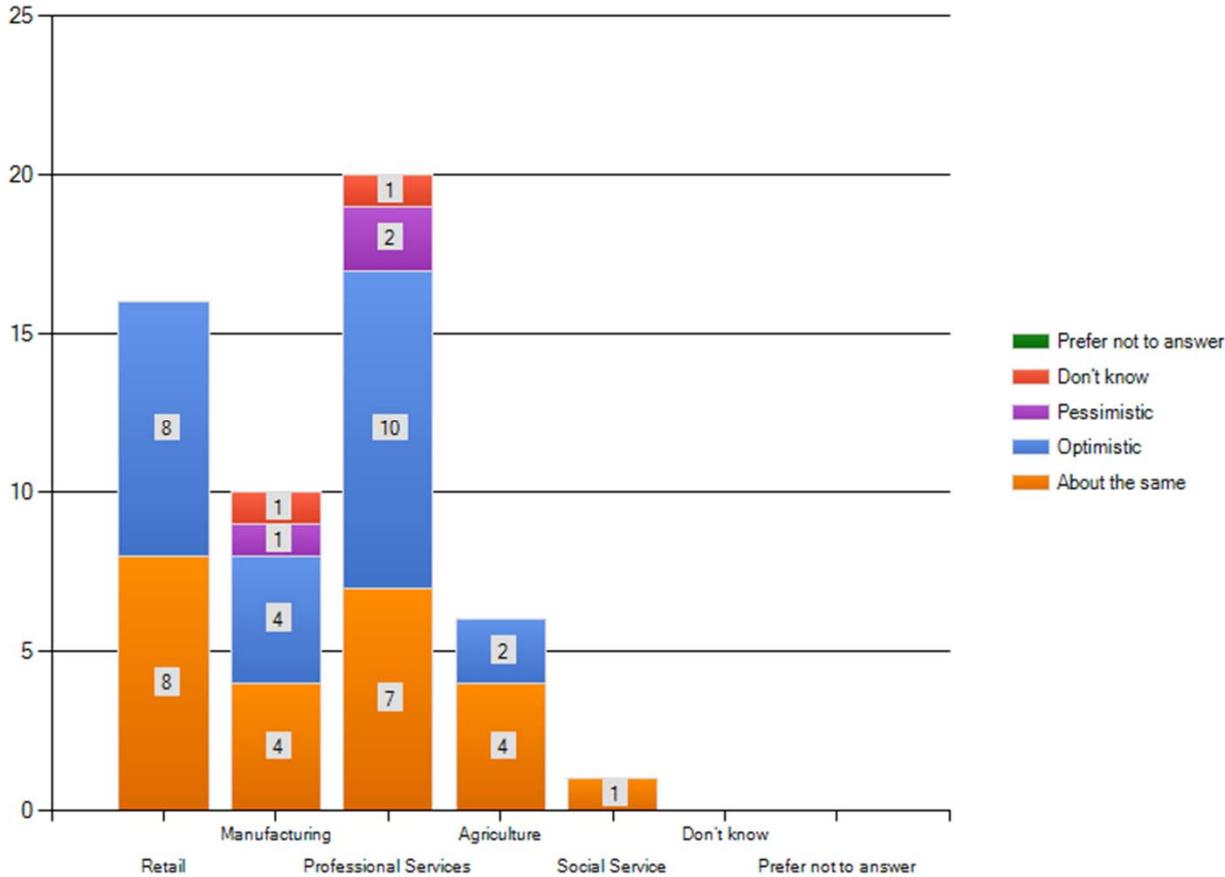
Survey Results

Outlook for Next Year Filtered by When Business Established in Hinesburg



Survey Results

Outlook for Next Year Filtered by Self Identified Sector



Survey Results



- Significant Challenges Business Faces in Next Year (could list up to three)
 - Costs x32
 - Economy x18
 - Local Regulations x13
 - Competition x12

Survey Results



- Barriers to Business Growth in Hinesburg (could list up to four)
 - Planning & Zoning x20
 - Taxes x11
 - None x10
 - Location x9
 - Traffic x5
 - Infrastructure x3
 - Local vs. chain stores x2

Survey Results



- What can be done at the local level could help run, expand, or make your business more successful (up to four could be listed)
 - ▣ Planning & Zoning x15
 - ▣ None x14
 - ▣ Improvements x11
 - ▣ Publicity x10
 - ▣ Taxes x8
 - ▣ Buying Local x6
 - ▣ Atmosphere x4

Survey Results



- Reasons for locating business in Hinesburg (could list up to four)
 - Hometown x30
 - Location x28
 - Community x18
 - Price x6

Economy Strengths/ Weaknesses



Strengths

- ❑ Commercial and industrial uses. Momentum (VT S&C)
- ❑ Wide variety of businesses
- ❑ Stable businesses located in town for years
- ❑ Optimism by local businesses. Town, community and its amenities are assets and reason for locating business

Weaknesses

- ❑ Lack of new businesses in last 1-2 years
- ❑ Limited large anchor businesses
- ❑ Dissatisfaction/misunderstanding local regulations,
- ❑ Local business promotion and climate lacking

Municipal Revolving Loan Fund



- Structure
 - ▣ Up to \$250,000 available, likely to begin in 2014/15
- Research
 - ▣ Received insight from Community Capital of Vermont and State of Vermont
 - ▣ Reviewed RLF models from Brandon & Bristol
- Four Scenarios
 - ▣ Town Maintains Control Over Funds, but not Direct Administration of Funds
 - ▣ Town Shares Some Control Over Funds with Financial Institution
 - ▣ Town Maintains Approves Businesses Concept, but Requires Applicants to have a Separate Review by a Financial Institution
 - ▣ Revolving Loan Committee is Responsible for Application Review and Administration of Funds

Economic Development Committee



- Naming/branding is important
- Connected with representatives from Colchester, Brandon, Vergennes, and Bristol
- Gained insight from VT Council on Rural Development

Suggestions in Assembling Committee



- Volunteer board
- Committed members
 - ▣ Local community “champions” to assist in start-up leadership and bring energy to group
- Representation from businesses, citizens
- Education into issues
- Specific tasks/ Clear deliverables
 - ▣ Not too much to take on at beginning



Town of Hinesburg, Vermont

Local Business Survey

This survey is for the Town of Hinesburg to gather background information in support of a new Economic Development Commission. This new commission will be appointed by the Selectboard in late spring or early summer 2012 and will be responsible for managing a local revolving loan fund and looking at ways to best provide a vibrant climate for sustainable economic prosperity in Hinesburg.

The survey was designed and carried out by Town staff and graduate students in the Master of Public Administration program at the University of Vermont. The results will be summarized with other economic data to provide the Town with a snapshot of Hinesburg's local economy across all sectors and provide appropriate background information so the Economic Development Commission can begin work.

This report will be available on the Town website (www.hinesburg.org) in the spring of 2012. Please contact Joe Colangelo, Hinesburg Town Administrator, at jcolangelo@hinesburg.org or 482-2281x221 if you have any questions regarding this survey or the Economic Development Commission.

Participation in this survey is voluntary. All data collected through surveys are kept strictly confidential. Respondent identities are never revealed in any report or presentation of survey results.

You may fill out the paper version of this survey and mail back to the Town Offices using the return addressed stamped envelope enclosed; by dropping the complete survey off at Town Hall; or you may complete this survey online by going to: <https://www.surveymonkey.com/s/HinesburgEconomic>

Business Name _____

Contact Person _____

Mailing Address _____

Town, State, Zip _____

Phone: _____

Email: _____

1. When was your business or non-profit entity established?
 - Within the past year
 - 1 – 5 years ago
 - More than 5 years ago
 - More than 10 years ago
 - Don't know
 - Prefer not to answer

2. When was your business or non-profit entity established in Hinesburg?
 - Within the past year
 - 1 – 5 years ago
 - More than 5 years ago
 - More than 10 years ago
 - Don't know
 - Prefer not to answer

3. Which sectors do you operate in?
 - Retail
 - Manufacturing
 - Professional Services
 - Agriculture
 - Social Service
 - Other_____
 - Don't know
 - Prefer not to answer

4. What was the gross income for your business in the last financial year?
 - Less than \$100,000
 - \$100,000 - \$500,000
 - \$500,001 - \$1,000,000
 - \$More than \$1,000,000
 - Not for profit
 - Don't know
 - Prefer not to answer

5. What is your outlook for the next year?
 - About the same
 - Optimistic
 - Pessimistic
 - Don't know
 - Prefer not to answer

6. How many people does your business employ on a regular basis (including the proprietor)?

- One person
- 2 – 4 people
- 5 – 10 people
- 11 – 20 people
- More than 20
- Don't know
- Prefer not to answer

7. What are the most significant challenges your business is likely to face in the next five years (please list up to four)?

1. _____

2. _____

3. _____

4. _____

8. What are the barriers to business growth in Hinesburg (please list up to four)?

1. _____

2. _____

3. _____

4. _____

9. What can be done at the local level that could help you run, expand, or make your business more successful (please list up to four)?

1. _____

2. _____

3. _____

4. _____

10. What reasons factored into locating your business in Hinesburg and keeping it here (please list up to four)?

1. _____

2. _____

3. _____

4. _____

11. Do you own or rent the space your business occupies?

- Own
- Rent
- Don't know
- Prefer not to answer

Thank you for your time!