

Franklin County Community Development Corporation's Community Investment Plan - 2014

Section 1 - Community or Constituency (ies) to be served by the organization

Characteristics of the communities to be served:

Franklin County Community Development Corporation (FCCDC) has 35 years of experience assisting local residents. In particular, we work with low and moderate-income entrepreneurs and small business owners by providing business assistance, work space and financing that helps create and retain jobs. We have assisted in the creation of over 1,800 jobs, and the retention of even more. The FCCDC has lent \$8 million directly and has helped leverage and package another \$24 million in loans from other lenders.

Our years of service demonstrate an understanding of our community, the ability to connect with the underserved, and the sensitivity to provide appropriate assistance that leads to starting and growing a business and obtaining financing. Almost all of our clients began with fewer than 10 employees (often with just one), and some of them have far exceeded 100 employees since the beginning of our assistance.

The FCCDC By-laws state that the Corporation's service area includes the twenty-six towns of Franklin County, the North Quabbin and those towns within Western Massachusetts that can be appropriately served by the Corporation. Currently, the area that we can serve appropriately consists of 61 towns. Of those 61 towns, 50 have populations of less than 7,500. This calculates to 82% of the communities we serve are rural so we would like to be considered as a participant in the rural set-aside category. A full list of the towns with their populations and a map are included in Section IV. One of the newer communities that we work in is Pittsfield, which is considered a Gateway Municipality. We do not want to be considered for the Gateway set-aside since we work there primarily because it is a commercial center of the surrounding rural area which is our real focus.

We work in all 26 towns in Franklin County, 16 towns in Hampshire County, 15 towns in northern Berkshire County and the 4 towns in northern Worcester County that are part of the North Quabbin region. Although they are in different counties these towns are all part of a rural area. They are connected by the main highways of Route 91, which runs north-south, and Route 2 that runs east-west. The Connecticut River, its tributaries and the Berkshires hills and valleys are the major geographic features of the region. FCCDC's main office is in Greenfield which is situated at the intersection of routes 91 and 2.

The 26 towns in Franklin County have a population of 71,489 and the population has remained stagnant for decades. County-wide incomes are below the national averages, and significantly less than the statewide average. 2010 ACS five-year per capita income for Franklin County was \$27,544, while the statewide average was \$33,966. According to the US Bureau of Economic Analysis, Franklin County had the lowest average wage per job of all counties in the state in 2011, with \$35,895 while the state was \$56,882, the New England region was \$53,053 and the national average was \$47,046. Census Tracts in Greenfield, Montague and Orange each had per capita incomes of less than 80% of the national. There are nine Franklin County towns with qualifying census tracts eligible for the federal New Market Tax Credit Program. They are: Charlemont, Colrain, Greenfield, Hawley, Heath, Monroe, Montague, Orange, and Rowe. According to the 2006-2008 American Community Survey, 90% of Franklin County residents age 25 years and older were high school graduates, compared to 88% for the state, but only 32% had a bachelor's degree or higher, while the state had an average of 38%.

The 4 Worcester towns, which are part of a 9 town region called the North Quabbin (the other 5 towns are in Franklin County), have a population of 15,815 and has experienced population loss over the past 10 years. The median income for Athol is \$21,553 with 14.4% below the poverty line as stated in the 2007-2011 US. Census.

The 15 towns in northern Berkshire County have a population of 95,603 and has experienced a population loss over the past 10 years. County-wide incomes are below the national averages, and significantly less than the statewide average. 2010 ACS five-year per capita income for Berkshire County was \$28,300, while the statewide average was \$33,966. According to the US Bureau of Economic Analysis, Berkshire County had the third lowest average wage per job of all counties in the state in 2011 with \$38,433, while the state was \$56,882, the New England region was \$53,053 and the national average was \$47,046. Census Tracts in Adams and North Adams each had per capita incomes less than 80% of the national.

The 16 towns in Hampshire County have a population of 110,489. This region has several Colleges and Universities and the students, with low incomes, and the faculty, with high incomes, makes the average incomes less meaningful, however most our target market in these region is similar to those in neighboring Franklin County and farming and farm-related businesses are an important part of the economy.

The loss of private sector jobs, particularly in manufacturing, is another critical factor in the economic depression of this region. According to US County Business Patterns, Berkshire and Franklin Counties lost over 7,500 jobs from 2006 to 2010, which is 13% of its private sector employer workforce compared to a loss of 5% for the state and 2% for the nation. Of those jobs lost, 2,500 of them were in manufacturing. Tropical Storm Irene recently severely impacted on the region's innovation clusters, arts & tourism economy and food production. The storm damaged establishments, agricultural land and the transportation system that connects visitors and goods to the region.

Franklin County has a significant proportion of its workers serving in the education sector. This is primarily due to the presence of several private schools located in Franklin County as well as higher educational institutions located in nearby Hampshire County. There are several smaller economic clusters in Franklin County that play an important role in diversifying the regional economy and are anticipated to have continued growth. These clusters include: specialty food product manufacturing, outdoor recreation tourism, creative arts (specifically, photography, glassblowing and pottery), and sustainable construction and clean energy.

The region, although economically distressed, possesses a rich abundance of natural and cultural resources and has historic town centers with compact mixed use development patterns that could be revitalized to support sustainable development. The region also has a very limited amount of residential sprawl and commercial strip development.

The above statistics demonstrate the tremendous need and opportunities to grow secure, living wage jobs, which the FCCDC has been helping with by supporting the growth and resiliency of local small businesses.

Particular Constituencies to be served:

The FCCDC serves the whole population by supporting the economic development needs of the community but the target constituent's fall into the following three main categories:

- Residents exploring a business idea – people with skills and experience but still with low and moderate incomes fit into the category, as well as dislocated workers having trouble getting back into the traditional workforce.
- Existing business owners having trouble – We help these businesses stabilize and retain employees, often by exploring new markets and revenue streams and more efficient operations.
- Existing businesses seeking to grow - These are the businesses that tend to require financing and have the potential to create new stable jobs.

Since the region has a large number of small businesses there is no shortage of entrepreneurs and businesses that fit into one of these categories. Our niche is the small business owner who is poised for the assistance and resources we provide to help them be sustainable. For example, the Food Processing Center facility attracts many people who want to understand how to bring a product to market and with our support they work through the many steps needed before and after taking the leap.

FCCDC is well known and respected in the region and most of our constituents hear about us through word of mouth and then come to us through phone inquiries, walk-ins, attendance at our monthly introduction sessions or attend another workshop. Although we work in the most rural part of the Commonwealth our annual service population of more than 300 clients speaks to the significant role that FCCDC plays in the development of small businesses in region. Our monthly information sessions typically draw 20 people interested in learning about business planning and/or bringing a food product to market. Current and past clients continue to follow-up and receive assistance by telephone, email, individual counseling, and trainings.

Collaborations with other community and governmental organizations, business associations and commercial lenders provide a steady stream of inquiries about FCCDC financial products and services and development services. Often a business association will alert the FCCDC that certain members are struggling and would benefit from development or financial products offered by the FCCDC. Frequently trainings are cosponsored with business associations as a member benefit enhancing the technical assistance available. Demand for financial products remains consistent from small business owners seeking debt consolidation, new capital, working capital, and for new ventures.

In order to ensure we are reaching a wide variety of constituents we examine customer profiles and how they found out about our organization and services. Identifying and tracking where customers are from, income levels, business sector and business stage provides insight to opportunities in reaching more people in our target markets.

Transportation is not always available or accessible to our rural low income residents and potential entrepreneurs are often isolated from the array of services that are available in more populated areas. The FCCDC serves as a bridge for those living in the smaller communities and these entrepreneurs who have less access to transportation.

For those potential or actual entrepreneurs in the area for whom English is not their first language, the service gap is even greater. The region has small populations of Latinos, Koreans, Pakistanis, Russians and Poles. While all of these communities have successful entrepreneurs within them, the populations are often spread among several towns. It is, therefore, difficult for these groups to create entrepreneurial support mechanisms among themselves. Once again, although interested in providing loans to these communities, most local banks do not have the staffing to provide the full range of services that may be necessary to deal with linguistic and cultural issues as well as concerns around the business itself. To

bridge this gap, the FCCDC works with organizations, such as the Center for New Americans, which serve non-English speaking people to provide counseling that meets their needs. We each understand our niche in meeting customer needs and work collaboratively.

This service area overlaps with 2 other CDCs. Valley CDC in Hampshire County and Hilltown CDC in part of Hampshire and part of Berkshire County. In those areas we collaborate with the other CDC's since we have the strong Business Development and Lending Program. We do not duplicate any activities in these area.

Section 2 - Involvement of community residents and stakeholders

During the past 36 months the FCCDC developed a HUD Sustainability Plan for the Franklin County region along with 3 other regional organizations - Franklin Regional Council of Governments, Community Action (the Regional CAP Agency) and the Franklin Regional Housing and Redevelopment Authority. A major goal of this project that was achieved was to have a high level of public participation. Below are the types of Public Participation and the number of residents that took part:

- Steering Committee Members: 74
- Needs Assessment Survey Respondents: 416
- Franklin County Goals Survey Respondents: 180
- Workshop Facilitators and Scribes: 22
- Workshop Participants: 102

The Sustainability Plan has many different Chapters and we have attached sections of the Economic Development Chapter which demonstrates that people in this community have participated in telling the FCCDC what programs and services we they need and expect from us.

We also examined the Berkshire County Regional Plan that included a community survey for business development services. We have attached a summary page from that report that shows the FCCDC Plan responses to the requests and needs of community residents in Berkshire County.

The FCCDC asks everyone that participates in our programs do to an evaluation. We use these evaluations to improve the way we deliver services and to alter our programs and services. This has been used to develop our Plan and to continue monitoring progress.

We also have good relationships and a high level of engagement with our donors and funders and seek and use their input. Their continued desire to fund the FCCDC and our programs is good evidence that they value our work. Our clients provide direct feedback about our services but it is often our funders that more closely monitor our activities, including the impact we are having toward goals.

Many of our clients are referred to us from other organizations such as the Chambers and Business Associations, MA Small Business Development Center Network, Banks and other professionals in the region. Their confidence in sending people to us assures us that we are delivering the right program and services and that our quality is high.

In addition, all of our Board and Committee members are community residents and they are our eyes and ears in their respective communities and workplaces. They meet regularly and provide constant feedback as to how the FCCDC is seen in the community and closely monitor our activities and provide input for improvement. The FCCDC Board of Directors has 12 – 15 members that represent our target market of small business people, people with low and moderate-incomes and geographic diversity from

throughout the many rural towns we serve. They meet monthly to review and set policy as well as receive updates and give input on all FCCDC activities. An example that demonstrates the degree in which residents and stakeholders are engaged in our Plan, is that our current Board Chairperson is a former client who was low/moderate income when he first came to the FCCDC to take a training class. Now 6 years later he is leading our efforts to assist more people of low and moderate-income. Three of our last 5 Chairpeople have a similar story.

The Board of Directors was fully engaged in the development of this Community Investment Plan. (See attached Board Agenda and Minutes from January 7, 2014 meeting).

The FCCDC has committees for all of our programs that include residents (Committees are: Lending, Food Processing Center, Membership, Business Development, Fundraising, and Commercial Real Estate. Committees give input, monitor programs and help staff make decisions about implementing activities.

As a regional organization the FCCDC facilitates collaborations between small businesses, Chambers, business associations, CDC's and organizations to strengthen communities and foster opportunities. Unique to the FCCDC strategy, and a community benefit, is that the FCCDC staff are consistently involved around the region meeting with a wide variety of stakeholders, collaborators and business owners to gather and share information. The staff is involved in many local community groups that are made up of residents and stakeholders. These regular meetings with a wide range of residents provide insight to the current issues and needs of our communities. Outcomes from these meetings create activities, identify needs of business owners who are poised for growth and/or struggling. Program activities also rotate around the region allowing people to be served in their communities.

Further evidence of community engagement extends all the way into our training programs where we involve former clients and current small business people as guest speakers from around the rural region. These business owners report on what they encounter on a daily basis and how others can overcome challenges. Examples include: CPA's, realtors, attorneys, social media and web designers, etc. Clients are counseled to perform market research, which includes interviewing and surveying other business owners and customers to examine business opportunities and trends. This research directly involves residents who are asked about how they would benefit from a business product or service. Information from these sources provides further insight into the community used for this Plan.

At the FCCDC's Annual Meeting for community members we reflect on the past years activities and present upcoming goals. Any proposed changes to the organization's by-laws are discussed and have to be approved by the Membership at these annual meetings.

Articles in our newsletter (reaching 2,500 people) and in the local newspapers share plans and activities as well. The FCCDC strives to be transparent in goals and activities so the community can find ways to provide feedback and engage in the work.

Living and working in a small rural region, and being well connected in the community through collaborators, stakeholders, past clients and former Board members, the FCCDC staff is able to learn and respond to the needs of the small business community quickly. A recent example is when a building in Hadley that was home to 7 small businesses had a fire, the FCCDC was contacted like a first responder to provide assistance. Another example is that many of our clients tell us that 2, 3 or 4 people told them they should contact the FCCDC before they go further with their business plans. Section 6, regarding Collaboration, provides more evidence of our involvement with stakeholders.

Section 3 - Plan goals

The goals of our Community Investment Plan are directly related to our Mission Statement which has not changed since inception because it is still relevant. However, a few years ago we did add five Guiding Principles to bring more meaning to the overall mission. These Guiding Principles (see Attachment) are instructive of how we operate and they directly relate to how low and moderate income households and other constituencies benefit from our activities and how the entire community benefits

Mission: The Franklin County CDC's overall mission is to stimulate a more vital rural economy, to maximize community control over our future economic destiny and to expand opportunities for low and moderate-income residents

More specifically, we break down our mission into three sections which constitute the goals of our CIP:

To stimulate a more vital rural economy by annually:

- assisting 400 entrepreneurs and/or small businesses with business assistance;
- assisting 40 entrepreneurs and/or small businesses with financing;
- assisting 30 food businesses develop new products and get them to market;
- incubating eight businesses and help at least two either move into their own facility or help them grow their business by increasing their revenue or adding employees.

To expand opportunities for low and moderate-income residents by annually:

- assisting with the creation of at least 50 jobs by the businesses that we assist, for people who have low and-moderate incomes.
- training/counseling business owners who train employees where they learn about customer service and business practices, so they can expand their employment opportunities.
- offering our services for free or on a sliding scale allows many residents who are low and moderate to start and or grow their businesses.

To maximize community control over our future economic destiny by:

- facilitating regional collaboration with stakeholders and collaborators who will work together to forge new alliances and activities that begin to overcome the regional challenges that help small businesses start and grow.
- developing sustainable businesses with new and retained jobs and improved commercial real estate properties and downtowns. Providing more goods and services within our region creates a steady flow of money being circulated within the region which strengthens our rural economy. A strong local economic base and additional attractions for visitors makes this a strong tourist area which adds to the local economy.

Section 4 - Activities to be undertaken

The FCCDC accomplishes the organization's mission and goals through the following community development activities:

Business Lending: The Business Lending Program is the CDC's oldest program and continues to remain vital to the mission of providing opportunities to entrepreneurs who cannot obtain financing through private banks.

Business Development: The FCCDC provides business assistance and entrepreneurial training to businesses throughout the region. Expertise in areas such as business planning, finance, marketing, graphic design, computer applications, etc... are provided by staff and outside consultants.

Food Processing Center and Food System Development: This unique Center, opened in October 2001, includes a commercial kitchen, walk-in cooler and freezer, dry storage space and a packaging area. This project is a valuable element in supporting agriculture by adding value to farm products and creating new business opportunities. The Western Massachusetts Food Processing Center (FPC) is an ideal location to launch or expand a specialty food business. In addition to the physical resources, the FPC offers professional development courses, a community of food entrepreneurs with opportunities to provide mutual support to solve problems, and the FCCDC lending and technical assistance programs.

Venture Center: The FCCDC owns and operates a small business incubator, which provides space, seven light industrial spaces and eight offices, as well as office equipment and a receptionist, for start-up and young businesses. This allows business people to keep their capital costs lower as they get started. While in the Venture Center, tenants receive business assistance as needed on a range of issues.

Rehabilitation of the First National Bank Building: As a way to help revitalize a downtown area and provide quality space for small businesses in Franklin County, the FCCDC accepted a donation of the First National Bank building in downtown Greenfield. The FCCDC is working with the Town of Greenfield and other organizations and individuals to renovate the building for use by arts and cultural organizations and community activities and events.

The FCCDC has worked with over 2,000 small businesses, provided 380 loans amounting to more than \$8 million and leveraged more than \$24 million, while helping create more than 1,800 jobs in our target market. We have the reputation of the place people go to, to start or grow a business.

While the FCCDC provides services to a wide variety of people, the majority of our clients are low and moderate-income. They come to us because they have been turned down by a bank for a loan or they do not have funds to hire specialized consultants for their business. We are also seen as a safe, comfortable and supportive place to get started and receive ongoing assistance.

The first and second Wednesday of every month we host an introduction session for people thinking about starting a business or wanting to take their current business to another level. We have been getting 12 – 25 people every month and about a third of them want to do a food related business.

If they want to continue their involvement with the FCCDC, an entrepreneur or business owner receives counseling and training featuring but not limited to exploring business ownership, developing business plans, how to secure financing, and topics related to the specific needs of the business in question. If they are further along with their business plan we also provide commercial space for a variety of business opportunities and use of the commercial kitchen for incubating small food businesses.

Training and development counseling is provided by FCCDC staff, industry experts in the field as well as making referrals to other appropriate organizations and network people with others who have been in similar situations. Guest speakers include a wide range of professionals including attorneys, insurance agents, CPAs, experienced business owners, and commercial lenders. A typical service profile includes a needs assessment, business plan counseling, and action steps for going forward. Customers are given homework and opportunities for additional counseling. Many clients begin with 1-1 counseling but quickly realize they prefer the Plan for Success business planning class. Others choose to work at their own pace.

Free General Counseling is available to everyone who is interested in starting or growing a business or seeking available resources and referrals. Residents receive drop-in counseling if the counselor is available when they come to the office. Others make an appointment for an office meeting. Most often, counseling is provided when the counselor visits businesses in the community. Our goal is to provide

quality services that meet the immediate and long term needs of our small business customers. These meetings are free and range in time from 30 minutes to 1 1/2 hours.

Email Support is a frequently used with clients. They send questions via e-mail including requests for business plan critiques, consideration of marketing plan ideas, financial analysis or feedback on marketing materials.

The Plan Now Client Group are clients who commit to individual counseling for at least 10 hours to develop a business plan. Some individuals are more motivated if they pay a fee so they have the option to pay \$150-\$250 to receive ongoing individual support. Members in this group proceed at their own pace. Clients normally take 3 -12 months to develop a business plan then obtain financing before opening a business. Others use this opportunity to check in for strategic planning when needed.

Training and Workshops:

Information Session on Business Planning and Identifying Available Resources is a free monthly workshop offered the first Wednesday of the month in Franklin County and the second Wednesday of the month in northern Berkshire facilitated by the FCCDC staff. At the close of the workshop, participants report how they want to proceed with the available services and programs.

Explore a Plan for Success (4 week): A 4 week class is offered to people who are exploring a business idea and want to understand what business planning includes. Held several times a year in different locations throughout our region, for a sliding scale up to \$100. This group training averages 15 participants. The class meets in 4 sessions of 3 hours each augmented with individual counseling.

Develop a Plan for Success (12 week): This 12 week business plan class is more comprehensive offering guest speakers and more individual counseling. In 2014 a redesign will take place that focuses on participants who are starting a business within 1 year or currently in business. The class provides a balance of 10 hours of group meetings, 20 hours of online presentations and 4 hours of individual counseling. Each lecture will include industry experts and established business owners to provide examples. This new model, that includes on-line classes, allows people throughout the region to participate at a time that works for them along with building a wider network around the region along with access to more professionals. The course value is \$500 but we offer a sliding scale and the average client pays \$250 and people with low incomes pay less.

The last class includes a written evaluation of the entire program. Participants who don't have access to a computer can use one at the FCCDC or borrow a FCCDC laptop. Over 400 people have attended these classes in the last 10 years. Curriculum for the 4 & 12 week includes: Developing a Business Plan, Mission Statements, Marketing Strategies & Implementation, Market Research Tools & Market Analysis, Features & Benefits, Types of Business Entities, Operations, Fixed & Variable Expenses and Assumptions, Product & Pricing Strategies, Financial Ratio, Break-even, Financing Alternatives, Financial Statements, Business Plan PowerPoint Template, Business Plan Presentations

Secure Business Financing Workshop is a free quarterly workshop offered for 1 1/2 hours. Curriculum covers: The Lending Process: The C's of Lending, Borrowing in this environment, Sources of Financing, Tips to be Aware of, Personal Credit Issues, Frequently Asked Questions, Case Study, What You Need to Know Before Approaching a Lender, Next Steps and Evaluation.

Launching a Value Added Food Product workshop provides the steps needed from creating a business plan, health and safety issues, certifications required, how to scale up to determine the amount of ingredients and costs, along with strategies for marketing and distribution. This is a one 3 hour session workshop offered in person and online.

(New in 2014) Strategies for Existing Business is a new free workshop offered throughout the region to provide strategies for existing businesses who are poised for growth and/or struggling with challenges to connect with resources. This seeks to connect small business owners with industry experts, develop supportive networks and overcome obstacles for small business owners.

Other Workshops: Based upon consumer needs, a variety of other workshops facilitated by industry professionals are offered. Workshop topics offered in past include: Introduction to QuickBooks, Analyzing Financial Reports & Developing Strategic Budgets, Marketing Strategies using Social Networking, Updates on Massachusetts Privacy Law and Developing Customer Service Strategies. The fees range from \$10 for 1 ½ hour workshop to \$90 for a 3 session 9 hour training. Written evaluations are administered at the end of trainings.

Our Business Development services are often a pre-requisite to our **Financial Services**. At the point in the business planning process where questions of financial options are beginning to become central, clients are introduced to the Business Lending Director who will have an initial discussion with them about their perceived plans and needs. As the client develops plans, the Lending Director periodically checks in on the client's progress. Often the Lending Director will meet with a client to offer insight and ideas regarding the financing needs of the business. The FCCDC staff work together to discuss a client's need for financial products and services to ensure that all appropriate options are made available to each client. The Lending Director then presents the Loan Proposal to our Loan Review Committee, which is made up of a variety of community members. They in turn provide valuable input to the business owner from their diverse perspectives which often strengthens the business. FCCDC has almost \$3 million of revolving loan funds with a low delinquency rate of less than 2%.

In 2001 the FCCDC raised \$800,000 and built the **Western MA Food Processing Center (FPC)** in the Venture Center. More than 300 food businesses have used the FPC over the years. The FPC consists of a 2,000 sq. ft. multiple-use FDA and USDA certified commercial kitchen with a wide variety of equipment such as a 100 and a 60 gallon steam jacketed kettle, a 49 gallon skittle, convention ovens, mixers, fillers, labelers, robo-coupe choppers, vegetable steamers, numerous sinks and stainless steel tables. There is also 3,500 sq. ft. of dry storage, two walk-in coolers, a walk-in freezer, loading docks, forklift and other small equipment.

Since the beginning, the FPC has trained food entrepreneurs and leases the facility and equipment to them to make their products. In 2005, we added contract manufacturing for farmers and food business owners that did not want to do the cooking themselves. In 2009, the FCCDC became more involved in larger food systems issues and in particular Farm to School activities. We started purchasing produce from regional growers, lightly processing and freezing it and selling it to schools and institutions. By fall of 2012 we processed over 65,000 lbs. of local vegetables and distributed them to schools in the region.

We now need to expand the freezing vegetable operation and make it more efficient. The freezing operation is needed to provide fair prices to farmers, affordable prices to schools and institutions and good tasting healthy nutritious locally grown food to students and consumers throughout the year. Our pilot years have been successful and we now know the demand is high from institutions (mainly schools - both k-12 and colleges). We have been working with 8 regional farmers and we know the supply is available from them and others in the region. Therefore, we need to expand the volume of throughput and increase the operational efficiency.

The FCCDC secured a low interest loan for \$250,000 from the USDA Rural Development in the fall of 2012 to purchase equipment and expand cold storage capacity. We improved some operations, but the necessary expansion will require more funding. We have secured another \$75,000 in grants and are now in the process of conducting research and developing a thorough plan prior to investing these funds, and probably more, in this operation. We also were recently awarded a grant to hire a full-time Food Business Development Specialist who will start in January 2014 to conduct outreach and help food businesses with their business plans and get their products to market more quickly.

Section 5 - How success will be measured and/or evaluated

Ultimately, the FCCDC measures our impact through the success of our clients and the community's economic health. We continually seek input, feedback and evaluations. Over the past few years we have substantially improved our tools and methods for collecting relevant data, managing it efficiently and using it to measure indicators.

We use a customized Access database for all our information, DownHome Loan software for lending clients and QuickBooks for all our finances. Two years ago we were awarded a grant from the U.S. Treasury Department's Community Development Financial Institution (CDFI) program which we have used to strengthen tracking and measuring capacity so we can become a Certified CDFI. We also utilize Survey Monkey for on-line surveys which is downloaded into our Access database and we use Constant Contact to evaluate our outreach.

Our data collection begins with the client application intake form that clearly documents business status (pre-start up, new, stable, existing), demographic profile (gender, racial, ethnic, location, income status, immigrant status, etc...) as well as what assistance they are seeking and how they found out about the FCCDC. Indicators include MSBDC and other collaborators involvement. Client hours and assistance is tracked using Access database programs, and we use different indicator depending on the stage of the business.

- Indicators of the creation of a new business include but are not limited to: obtaining working capital, buying existing business, acquiring new equipment, renovation, products or inventory, obtaining a lease, creating a new legal entity, creating marketing/advertising materials, creating a website, refining products, organizing financials, adding employees and customers.
- Indicators of business stabilization include but are not limited to: Improving cash flow, obtaining additional working capital, retaining employees, renegotiating lease/moving to better location, refinancing loan, reducing debt, reducing accounts payable, resolving legal, tax, regulatory, or licensing problems,.
- Indicators of business growth include but are not limited to: increased capital, increased revenue, bought/created another business, increased number of employees, expanded locations or built out location, added products/services, increased inventory/equipment, received new clients/contracts, or expanded into additional markets.

At the end of each year, we survey each client who received 5 or more hours of direct assistance to report quality of assistance received, jobs created or retained, financing and future needs. We continue to improve our outcome measures so that we can better track jobs created and retained, businesses started, stabilized and growing, capital amounts received from all sources, and demographic changes to provide consistent results to measure year to year.

There are a few important benefits of our tracking methods which include 1) streamline data sharing between project collaborators and with funders; 2) developing a more effective data tracking system to assist in creating a mini database to get information from other collaborators around the state as we begin to explore partnering on projects; 3) data from this program can be tested as a replicable model; 4) this enhanced program has all the fields and tables to store information as well as easy to use forms to collect and reports that are compatible with our data import.

Other FCCDC activities measure outcomes through client surveys and client meetings where staff looks at concrete data from the clients that confirms business improvements or change as a result of changes they made in their business planning and implementation.

Participants are involved throughout the evaluation process. Everyone attending workshops and classes receives written evaluations which ask if participant expectations were met, if the instructor was effective, if facilities and the time available for the training were appropriate, what they liked the most and least, and how they heard about this training. Once each year, every client with an email address receives an invitation to complete an online survey about effectiveness of FCCDC Services and Programs. Clients are also asked to identify any future business needs. Results are examined and used for program improvements and yearly service comparison.

More specifically, in order to measure the effectiveness of our work with clients, we review client's financials and/or tax returns to better understand how to assist to develop a strategic plan for growth. Counselors compare progress which evaluates effectiveness of assistance and clients actions to implement the plans.

The FCCDC strives to meet customer needs whether that involves starting a business or exploring an idea. Success is measured by customers completing business plans, jobs created or retained, loans secured, business started, quality of the training and counseling, tenants in the business incubator who outgrow the space or facilities available, the number and content of the hours used by clients at the FPC and products made at the FPC.

The FCCDC staff determines service need based upon several factors. As an active participant in the broad range of community economic development efforts and events within our service area, we are involved in a variety of discussions about present economic conditions and future plans. These discussions give us a broad overview of trends and areas where there are service gaps.

We maintain close connections with commercial lenders and professionals who refer clients and inform us of economic trends that they are observing. Evaluations of workshops and classes, as well as evaluations and our annual survey of entrepreneurs also provide insights into the skill needs of our target population, the challenges that their businesses are facing and the common questions that are part of their daily operations.

Training programs and individual counseling sessions continue to be well attended confirms that our baseline services continue to meet the needs of our target population. Strong collaborative relationships with past clients around the region continue to refer residents to the FCCDC.

Section 6 - Collaborative efforts to support implementation

In this rural part of the state we have limited resources and our residents have a variety of needs, so in order to be efficient, from both the point of view of the organizations and the residents, we need to collaborate. Our region is well known for having organizations that are highly collaborative and the FCCDC is right in the middle of them all. We cross promote our service to inform residents where they should go depending on their needs. With this wide variety of partnerships we are able to increase how we serve small businesses.

Below our examples of recent collaborations:

- FCCDC teamed up with the other two CDC's in the region and were awarded a MA Growth Capital Corporation (MGCC) grant. The FCCDC is the lead on this grant, since we have the strong Business Development and Lending Program, but together with Valley and Hilltown CDCs, we develop outreach materials and include information about each other's training and

counseling services.

- FCCDC collaborated with Community Involved with Sustaining Agriculture (CISA) to reach out to small business service providers and lenders to share best practices in how to expand agriculture and food related businesses. The outcomes included more consistent information and lending opportunities, and a stronger network of providers that can be replicated around the state.
- FCCDC and Regional Employment Board teamed up to evaluate the needs of the region's specialty metals manufacturing/machine shops to determine lending, employment and facility needs. This growing sector has a potential to secure loans and create jobs.
- Together with the Franklin Regional Council of Governments and the Berkshire Regional Planning Commission, the FCCDC was awarded a grant from the U.S. Economic Development Administration for 2013–2015 to support small businesses in the Northern Tier (Franklin and northern Berkshire counties). We have eight other collaborators and we have participated together in developing and implementing activities to serve business owners, primarily those who are low and moderate-income. Already we have identified similar regional needs and created activities that have connected regions in order to share resources and best practices. We work closely with the town and city leaders to remain informed on each others plans and needs. One of our important roles has been to connect stakeholders from around the region and coordinate services that meet the needs of entrepreneurs and small business owners.
- FCCDC is the fiscal agent for Greening Greenfield, a community group working on green energy projects. We help them educate the public and secure funds to implement activities such as home energy audits, discounts on solar installations and developing a community solar project.
- Together with Greenfield Community College, Franklin Hampshire Regional Employment Board and Just Roots Community Farm, the FCCDC was awarded a grant from USDA's National Institute of Food & Agriculture (NIFA) to support community agricultural education and improve the regional food system.

FCCDC is the fiscal agent for Just Roots and we plan to continue working with them as they develop 60 acres of community land to train young people for sustainable farming, and adding value to the produce they cultivate by processing it in our Processing Center.

Another regional collaboration during 2014-2015 is the 100 year celebration of the Mohawk Trail. The FCCDC will leverage the work of the organizing committees who are planning a year of activities to attract tourist with customer service workshops, business counseling to assist retail and customer service businesses prepare and maximize the opportunity. This region stretches from Athol on the east all the way to Williamstown on the New York border. The outcome will show an increase in business and stronger collaborations among the business community.

The following is a partial list of organizations we partner with that are important to the success of our constituents:

- Association of Enterprise Opportunity
- Berkshire Community College
- Berkshire Regional Planning Commission
- Business associations (at least 4 of them)
- Center for New Americans
- Chambers of Commerce (five of them)
- Commercial banks
- Common Capital (formerly Western MA Enterprise Fund)

- Community Action of Franklin and Hampshire County
- Community Involved in Sustaining Agriculture (CISA)
- Farm To Institution New England (FINE)
- Fostering Art and Culture Project
- Franklin Hampshire Career Center and Regional Employment Board
- Franklin Regional Council of Governments
- Greenfield Community College
- Greening Greenfield
- Hilltown CDC
- Industry experts
- Just Roots Community Farm
- MA College of Liberal Arts
- MA Small Business Development Center Network
- Mohawk Trail Regional Tourism Council
- Pioneer Valley Grows
- Pioneer Valley Creative Economy Network
- Pioneer Valley Plan for Progress
- Rural LISC
- SCORE
- University of Massachusetts: Business Library, Food Science Dept. MBA Program, Center for Agriculture
- Valley CDC
- Western MA CDC Collaborative
- Local and state elected officials and economic development planners

Section 7 - Integration of activities/consistency with community strategy and vision

The FCCDC is one of four regional organizations conducting a HUD Sustainability Plan for our region during the past 36 months. The Franklin Regional Council of Governments is the lead and the other two partners are the Community Action (the Regional CAP Agency) and the Franklin Regional Housing and Redevelopment Authority. The Sustainability Plan has many different Chapters including an Economic Development Chapter which clearly demonstrates how the FCCDC's plans and community development activities fits into and is consistent with the larger community and individual towns. The full report can be found at http://frcog.org/pubs/landuse/HUD/Final/Chapter6_EconDevelop.pdf

The top Sustainable Economic Development Goals include:

1. Redevelop vacant or underutilized industrial/commercial buildings or sites.
2. Support sustainable economic development in the region.
3. Promote and invest in specific business sectors including manufacturing, agriculture and clean energy.
4. Support "buy local" efforts
5. Retain local businesses
6. Increase jobs in employment centers or near transit services.

The FCCDC is involved in all these areas.

The Greater Franklin County Region, which includes the 26 towns of Franklin County plus the towns of Amherst, Athol and Phillipston develops a Comprehensive Economic Development Strategy (CEDS) to provide coordinated regional economic development planning. The intention of the CEDS Program is to

create a roadmap to diversify and strengthen the regional economy, in a way that benefits its constituents and is in keeping with their values and goals. The CEDS Program is guided by the CEDS Committee which oversee the development of the five-year plan and its annual updates. The FCCDC appoints four people to this committee and is heavily involved in the development of the plan and the implementation of the strategy.

Narrative from the CEDS 2013 Action Plan –

Activity 7: Support efforts to secure technical assistance and capital to support entrepreneurship and business growth.

The FRCOG will support the FCCDC's efforts to expand their technical assistance services and increase the amount of loan program funding available to regional and local entrepreneurs and ventures. As funding and resources allow, the FRCOG will work with the FCCDC and other partner business development organizations to conduct technical assistance workshops focused fostering the sustainability and growth of small businesses. Activities may include participating in the Economic Resiliency in the Northern Tier project to support business assistance and capacity building in Franklin County and northern Berkshire County, pending EDA funding.

In addition, as we start doing more work in northern Berkshire County our activities are in line with the Berkshire Regional Planning Commission's Sustainable plan (economic development plan), which can be found at <http://sustainableberkshires.org/plan-topics/economy/>

The FCCDC is also a member of the Pioneer Valley Plan for Progress which was created by community, business, education, and political leaders to develop a plan to move the region to robust economic growth. The purpose of the Plan for Progress was to unite the Valley's various stakeholders around a common agenda for improving the region's economic vitality and sustainability.

The Plan has operated on a number of regional strategies that are managed by strategy teams and a group of trustees to shepherd the Plan and to support the implementation of its strategies. The current Plan identifies fourteen strategic goals. The FCCDC Executive Director is a Trustee on the Plan for Progress and the FCCDC is represented on the following strategy goal teams:

- Attract, retain, and grow existing businesses and priority clusters
- Promote small business and generate flexible risk capital
- Integrate workforce development and business priorities
- Develop a Green Regional Economy.

Section 8 - Financing strategy

The FCCDC consistently finances approximately 65% of our operating budget through revenue generated from our community development activities:

- **Interest and fees from our revolving loan fund** - FCCDC has loans of \$1.1 million from the USDA Rural Development with terms of 1% interest for 30 years, and \$732,000 restricted grant from the EDA that we re-lend to small businesses. This generates revenue from interest on the loans and we've had a delinquency rate of less than 2% on our loan portfolio. We also manage another \$800,000 of loan funds for towns in our region generating a fee for administering that is equivalent to the interest earned.
- **Rent from the Venture Center** - The FCCDC owns and operates a 36,000 sq. ft. small business incubator, the Venture Center, which generates approximately \$175,000 per year from tenants. We keep our rents a little below market rates so start-up businesses can locate here with less upfront costs during their early years.

- **User Fees and sales revenue from the Food Processing Center** - Since 2001, the FCCDC has owned and operated the Western MA FPC which generates approximately \$160,000 per year from fees paid by users of the facility and another \$60,000 from sales of frozen vegetables.

However, our mission is to provide services to all our residents regardless of income or wealth. This constrains us from raising our interest rates, rents or fees to generate more revenue. Therefore, we rely on donations and grants in order to provide these important services to everyone in our community that wants and needs them.

Due to our reputation for providing high quality programs and services that are needed by our residents we have been fairly successful when applying for state and federal grants. In recent years we were awarded the following grants/loans:

- \$300,000 grant from the U.S. Economic Development Administration for Economic Resiliency in the Northern Tier;
- \$100,000 from the U.S. Treasury Department's CDFI program;
- \$100,000 from USDA Rural Microenterprise Assistance Program, along with a loan of \$500,000 of revolving loan funds;
- \$70,000 from MA Growth Community Capital for our Western MA Means Business project;
- \$300,000 from USDA NIFA for agricultural education initiatives;
- \$750,000 low interest loan from USDA Community Facilities Program for the Venture Center and the Food Processing Center;
- We have also secured several grants from private foundations, in particular for our work at the Food Processing Center.

Without any staff person devoted to fundraising we have consistently raised about \$35,000 annually from about 300 community residents and businesses and another \$35,000 annually from local banks, corporations and foundations. During our 25th and 30th Anniversary years we made extra efforts to solicit donations and we exceeded \$100,000 each time. Given this past experience, we believe we can significantly increase donations from local residents. With the CITC Program we are poised to achieve a significant increase in fundraising. Two of our current donors have written letters of intent to give more because of the Tax Credits (**see attachments**).

These needed funds will allow us to do more economic development projects and work with more people from our rural region that cannot afford these valuable services on their own. As we expand our service we also expect to increase our earned revenues from Lending and the Food Center so our operations will be financially sustainable for the long-term.

Our Business Technical Assistance services do not generate much money but they are often the most important, especially for people with low incomes who do not have the support system needed to start or grow a business. The EDA grant we received this past year is for 18 months and will cover many of these expenses but these grants are not dependable. To continue serving all of our residents we need more donations. A substantial portion of our fundraising dollars will continue to be spent on providing trainings and one-on-one assistance to individuals and small businesses so we can continue to build vibrant communities with a variety of jobs and opportunities for everyone. The CITC program is perfect for this because **it is an investment from the community for the community**.

The FCCDC has the strong financial management capacity as well. Our Director of Finance previously worked for a local CPA firm and we have a bookkeeper with years of experience. Our Financial Statements are audited every year by a regional multi-office, multi-state CPA firm which is familiar with

private non-profit organizations and we submit 990s and Form PCs to the state annually. We make all of our financial information transparent as well. It can be found on our website at <http://www.fccdc.org/about> and on the state and non-profit websites. We provide our audited financial statements to all of our funders upon request.

*** Note about CDBG funds on our financial statements:

In the 1980's the FCCDC was involved with affordable housing and we made many loans to low-income residents to purchase and repair their homes through the CDBG program. We discontinued this work in the mid 1990s when the Franklin Regional Housing Authority became stronger and focused on affordable housing. In 2002 the FCCDC sold the last of the residential properties we owned, and since then we have focused solely on small business development. We do, however, still have two CDBG funded programs on our balance sheet. These two items – \$321,860 and \$124,720 – are listed as assets under loans receivable and liabilities as deferred payment loans.

There is another \$235,000 deferred payment loan on our Balance Sheet that should be forgiven in October 2014, which is connected with the MA Small Cities Program.

Section 9 – History, Track Record and Sustainable Development

The Franklin County Community Development Corporation has 35 years of experience assisting local residents. In particular, we have worked with low and moderate-income entrepreneurs and small business owners by providing business assistance, work space and financing that helps create and retain jobs. We have assisted in the creation of over 1,800 jobs, and the retention of even more. The FCCDC has lent \$8 million directly and has helped leverage and package another \$24 million in loans from other lenders.

During our years of service we have developed a deep understanding of our community and the ability and sensitivity to provide appropriate assistance that leads to starting and growing a business and building a solid local economy. Almost all of our clients began with fewer than 10 employees (often with just one), and some of them have far exceeded 100 employees since the beginning of our assistance.

Vital to our successful history and track record is the FCCDC staff. Financial resources are critical, but without a strong team to work with our community partners and implement our community development activities we would not have the same impact. The Management Team members have diverse backgrounds and 3 of them have been at the FCCDC for more than 10 years. **(See attachment)**

Throughout this application we have presented evidence of our past practices and activities. The FCCDC is very good at small business and economic development and we focus on doing it well. The activities proposed in this Plan are not that new. This Plan proposes to expand services which will impact more people, in more places, more significantly.

We believe the best way to describe our history and our approaches going forward is to share several of our successes. As we have demonstrated throughout this Plan, our success is measured by the success of our clients and our community.

Shire City Herbals located in Pittsfield received business assistance from the Franklin County CDC, then began using the FCCDC Food Processing Center and then received a loan in order to expand production of their very successful Fire Cider product. At the recent FCCDC Annual Meeting, owner Dana St. Pierre said "Since moving our Fire Cider production to the FCCDC kitchen we have been

growing rapidly. We rent space in the kitchen and warehouses and use equipment at an affordable hourly rate rather than spending tens of thousands up front. Last spring we were able to secure a crucial loan for stainless steel tanks thanks to the financial resources available through the FCCDC. Without the Franklin County CDC we would not be the successful, growing business that we are today."

Dana began making early versions of Fire Cider in the 90's to combat his yearly bouts of bronchitis and seasonal allergies. Through the years he tinkered with his Fire Cider recipe to make it both medicinally potent and palatable, adding a few new twists to the traditional base of apple cider vinegar and honey. Shire City Herbal is truly a small family business. Dana, his sister Amy and their friend Brian began selling in stores in Sept. 2011 and are now in hundreds of stores throughout U.S. They are currently discussing another loan for more equipment to make their production even more efficient. Their business employs 3 people full-time and the next expansion will add more jobs.

The FPC has many similar success stories. In addition, the FPC has bettered the lives of farmers. **Regional farmers** now create value added products, made with locally grown produce that are stocked at local independently-owned and national publicly-traded supermarkets. Grocery store shoppers nationwide will find our locally made salsa, pickles, horseradish, jams, dressings and chocolate sauce.

Real Pickles, another successful FPC client, buys over 200,000 lbs. of their vegetables from within a 40-mile radius of Greenfield. Another client buys her cranberries from farmers on Cape Cod and her blueberries from farmers in Maine. The FCCDC's own **Pioneer Valley Frozen Vegetable Venture** purchased 65,000 lbs of vegetables from local farmers last year and plans to increase that going forward. Some FPC clients even purchase products from other clients such as when **Appalachian Naturals** started working with **Saw Mill Site Farm** and used their horseradish in one of their marinades.

All of these businesses pay a fair price to the farmers for their products and create more jobs.

Restore Physical Therapy & Wellness located in Hadley, received assistance with their business plan and a loan to start-up a business that now has 200 clients per month. Patricia Young had the education and experience but as a single mother trying to pay for her children's college she had little income and mounting bills. She started working with a counselor from the MA SBDC who then referred her to the FCCDC. After more work on her business plan we approved a loan so she could lease an office space, purchase equipment and begin marketing. Within 6 months she was working with enough clients to hire an Assistant and after a year she exceeded her projection and needed to hire another Therapist.

Essentials located in Northampton, received business assistance from Valley CDC and then was referred to FCCDC for a loan. Colette Katsikas had been working there for 15 years having moved up to Assistant Manager. The owner of this retail boutique wanted to sell the business. Colette had ideas to generate more revenue and improve the business but since she did not have enough collateral and the business had not been profitable for the past 2 years she could not get a bank loan. The FCCDC saw that Colette had the motivation and ideas to bring the store back to profitable and provided the loan for her to purchase the business. She now has 4 full-time employees with increasing sales. Additionally Colette is very active with the Business Improvement District and the community. After attending a local college Colette wanted to remain in the area and now she has fulfilled her dream of being a business owner in the town she loves.

Ewing Controls started leasing office space in the FCCDC Venture Center in 2006 with two people. Over six years they moved to a workshop space and then into our larger industrial space before finally purchasing their own building and moving out in 2011. The Greenfield based design manufacturer

designs and builds advanced steam turbine generator controls for leading US manufacturers of steam turbines. Their controls can be found around the world. They now employ 18 people many of their positions provide high salaries. The Venture Center has provided opportunities like this to 55 growing business since 1989.

Our Plan and activities is consistent with the Commonwealth's **Sustainable Development Principles**.

1. Concentrate Development and Mix Uses – We work to strengthen the small businesses that make up the vast majority of the businesses and jobs in our rural towns and commercial centers. We are part of the Brownfields committee of the Franklin Regional Council of Governments and we have made loans to business properties that underwent remediation.
2. Advance Equity – All of our services are free or have a sliding scale fee so people at all income levels can participate. Our focus is on small businesses that often do not get the resources and support that larger business benefit from.
3. Make Efficient Decisions – All our decisions are made with our mission in mind so they contribute to the good of the community.
4. Protect Land and Ecosystems – Our Food Processing Center helps farmers get better prices for their products so they can continue to farm the high quality land we have in this region so it will used and preserved.
5. Use Natural Resources Wisely – The First National Bank Building in downtown Greenfield is a historic building that we have saved and will re-use as a community resource.
6. Expand Housing Opportunities – we try to help people have more job opportunities so they can earn wages and afford proper housing.
7. Provide Transportation Choice - Yes
8. Increase Job and Business Opportunities – This is our major area of work and has been described at length in this CIP.
9. Promote Clean Energy – We have assisted many businesses in the clean energy sector including Pioneer Valley Photovoltaic, Co-op Power, The Solar Store, Nautilus (micro hydro company). We have also provided loans for solar and other clean energy projects. We are the fiscal agent of Greening Greenfield who focuses on green energy.
10. Plan Regionally – We continually plan and work with regional organization as described in detail in this CIP.