

**National Emergency Grant
Regional Innovation Grant Proposal**

To the

U.S. Department of Labor

In response to

Wausau Paper Dislocation, Groveton NH

Submitted by

New Hampshire Department of Labor

November 19, 2007

Background

The purpose of this grant is to secure National Emergency Grant funds to achieve the goal of developing a comprehensive, integrated, strategic plan to support sustainable innovation-based economic development strategies in Coos County and the surrounding communities through the collaborative effort of a strong regionally-focused leadership group, committed to identifying long-term system-wide solutions to address the devastating economic impact of the severe decline in the paper industry in northern New Hampshire, and the rippling effects on all industries in the surrounding areas.

. Specifically, the resources provided through this grant will assist in the further development of a cohesive regional leadership group focused on a regional approach to addressing the re-employment needs of the workers affected by the closure of the Wausau Paper mill, beyond those services typically provided on the ground level through the workforce development system. Funds available through this grant will be used for staffing to support the ongoing development of strategic partnerships, strategic planning activities at the regional level resulting in the development of a regional blueprint (plan) for Coos County, and the purchase and/or development of planning and/or implementation tools/resources (e.g., resource mapping to catalog and analyze assets; SWOT analysis process, web site development, etc.) as identified as necessary to support the regional planning process by the Core Leadership Group.

In a region where the paper industry employed the third largest group of workers (with hospitality and hospital industries the only two other large employers) it is clear that re-training for workers is no longer the only approach we can take. This is even more imperative in a region such as Coos County where the elimination of higher-wage paper mill jobs, leaves a reliance on an economy heavily based on service industry work in which good paying jobs are few and far between. A revitalization of the regional economy will require taking a new look at how state, local and community stakeholders work together to foster creative ideas to address long-term employment options in the competitive global economy that exists even in the remote northern most area of New Hampshire.

Despite, or perhaps because of the small geographic area that makes up Coos County, like many other areas in the country, adopting a regional approach to economic development presents many challenges. To thrive again Coos County must position and market itself as part of a region of connected resources committed to the growth of communities, citizens and the economy overall.

Each paper mill closing further reinforces the need for a collaborative approach to initiating and/or attracting new opportunities in response to transition from a paper manufacturing based economy to one that is diversified, vibrant and sustainable over time. Several initiatives are currently underway to help Coos County respond to the changes and move forward. But the changes require a highly collaborative effort and a change in the mindset and way of thinking that many residents and leaders are not used to. The "localism" thinking approach once viewed as the only way to protect local interests no longer applies. City, town and other community leaders must learn how to think "regionally" in order to compete effectively in a global economy. The key theme to the changes that are necessary is economic diversification and getting away from reliance on the mills, yet understanding the importance of the County's unique heritage and the protection/enhancement of the area's natural setting, while providing quality education and social services to Coos County residents and others.

Clearly, the economy of the North Country is reshaping itself in ways that are dramatic and irreversible. Coos County's economy built on the industry of paper making is being transformed. The challenge is to ensure that this change is managed to affect the best results. The funds made available through this grant application will provide financial support to secure the talent, tools and resources needed to achieve this outcome.

Identification of Regional Economy

New Hampshire's North Country is a beautiful remote area that comprises the northern third of New Hampshire. It is noted for its spectacular mountains, abundant forests and rivers that were used for

transporting logs and powering mills. Within Coos County the city of Berlin, the town of Groveton and the surrounding communities have been hardest hit by the ongoing closings of paper mills throughout the region, including the bordering communities in Vermont and Maine.

Though Groveton/Northumberland and Berlin/Gorham are only 25 miles apart, they are on opposite sides of the state. However, they are geographically connected by NH Route 110, and intricately linked by the paper industries once operational in each community. With the closing of these mills and the lingering threat of losing the 350 remaining jobs at Fraser Paper (also located in Berlin) state, county and community leaders could no longer ignore the clear signals that the economic base of the region as a whole, was in trouble. There was a new realization that the towns and central city of Coos County could no longer operate with separate agendas and that an expanded vision of the definition for a northern most region was needed to create a new, shared vision if the communities of this rural area were going to survive.

While state economic development leaders working with the workforce system partners, governed by the state Workforce Investment Board, worked to bring new industries and opportunities to the region, the local response to the severe impact of the paper mill closings throughout the County spawned a number of grass-roots economic development groups, each working to leverage limited existing and/or new resources for their community. State and local entities provide quality workforce and economic development services, but often times local stakeholders are unaware of the vast resources available and/or are more focused on responding to the gaps in services, which are typically thought of as outside of the purview of the workforce system. However, the decline of well-paying jobs in the paper industry throughout the region has forced all stakeholders to rethink how services to dislocated workers are delivered and how best to re-grow an economy. From these efforts grew an understanding of the need to think and operate in a broader context in which together a set of "regional priorities" could be identified that build on the strengths and assets of the rural area known as the "North Country" and the common

economic links within neighboring counties in Vermont and Maine, to maximize exiting resources across geographic boundaries and to position the region for greater prosperity.

Labor Market Impacts from Major Dislocations

. Coos County, has not kept pace with most of New Hampshire, which is economically booming. It has been saddled with a remote and isolated location in the beautiful White Mountains, an out-migration of the young population and dependence on a paper industry that is dying. It has a total population of 36,000 and a population density of 19 people/square mile, and is the largest, poorest and least populated county in New Hampshire. The economic and workforce challenges faced here are similar to those faced in many rural areas:

- An aging and diminishing skilled workforce
- Flight of young and talented potential workers
- Dying traditional economic base- typically manufacturing and in our case the paper mills
- Rural community- isolation and distance from markets

In 1957, Paper manufacturing employed 7,810 covered workers in New Hampshire. Fifty years later, while total employment in New Hampshire has burgeoned, paper manufacturing will be but a shadow of what it once was in New Hampshire. Preliminary counts showed 2,710 workers in paper manufacturing in 2005. The loss of more than 350 jobs in the closing of the Groveton Paperboard mill in March 2006 and the Berlin Fraser Paper Burgess Pulp Mill in May 2006, along with the loss of 40 jobs for NH residents working at the Dirigo Mill in Vermont and the most recent announcement by Wausau Paper in Groveton that they will be closing the mill effective December 2007 resulting in a loss of another 302 jobs, has had a devastating impact on the economy throughout Coos County. For a hundred years, Paper manufacturing has been the mainstay of the economy of Coos County, but now the regions residents are contemplating the possibility of a Coos County future without paper.

There are over 5,400 New Hampshire businesses operating within a 50 mile radius of Groveton Wausau Paper dislocation, of which only 69 employ 100 or more people (of which Fraser Paper is the second largest employer) and 63% of the remaining businesses employ five or less people.

Clearly, the limited re-employment options in the region present significant challenges in assisting workers dislocated from Wausau. National Emergency Grant funds awarded to the state for the provision of services to workers, and/or Trade Act funding will be used to re-train workers to fill available jobs, as appropriate. Additionally, an employer contact campaign is currently underway, the goal of which is to make contact with every employer, large or small, to determine what employment opportunities currently exist and/or how the state can assist the employer in creating new job opportunities. But re-training and employer incentive strategies alone will not adequately address the immediate and/or the long-term underlying issues this economic downturn continues to have on the region as a whole.

The Community College, in collaboration with local internet providers and business interests, is poised to create a Tech Center and technology-based curriculum that could be offered in the region's high schools, if funding is secured for such a project. With continued advancement in technology and the development of high speed internet access in the region, Coos County has the potential to become a center for technology. Once this capability is established the area would be attractive to entrepreneurs who are looking for independence, a flexible work schedule, and immediate access to high quality recreational activities that will allow people to work where they come to play.

Core Regional Leadership Group

Funds obtained through the grant will be used to formalize and further the work already being done by state, local and community leaders to affect the creation of a highly collaborated infrastructure that will insure that systems are in place to continue a county wide strategy for job recruitment and retention.

It is understood that to address the complex issues the region is facing, a blueprint for the County's future needs to be developed. This blueprint would call for collaboration with state, local and business leaders, in both the public and private sector, with an emphasis on creating an integrated system for the county and not individual projects.

In order for a county-wide plan to be effective, it must have regional organizations to build consensus and carry out activities at the regional level. To this end, local economic development and community interest groups have come together to form the basis for a possible structure for a central decision-making body to serve as the initial membership for a Core Regional Leadership Group. This central body would include a representative from each of the existing economic and community groups, with expanded membership to be determined by the group at a later date. Membership would represent both sectoral (economic development, workforce development, education, community-based organizations, private sector) and geographic diversity.

Specific entities represented on this committee would include: Northern Community Investment Corporation (NCIC), NH Department of Economic Development Regional Representative (DRED); Berlin Community College, Androscoggin Valley Economic Recovery Corp (AVER), Coos Economic Development Corporation (CEDC), Colebrook Development Corp (CDC), Workforce Opportunity Council, NH Works Berlin Office, GREAT, NH Department of Health and Human Services, Tri-County Community Action, Chamber of Commerce, Business Enterprise Development Corporation, the Governor's North Country Liaison, Representatives from workforce and economic development entities in Maine and Vermont, and private employers (not already represented by one of the groups listed).

Overall, there has already been a high level of coordination between the partners at the regional and state levels. The Governor created a liaison position, which is located at the Community College Berlin Campus. Through this liaison, the Governor stays in close contact with the concerns of the North Country. And local economic and community interest groups have already completed some work towards laying the

ground work for a more sophisticated and sustained approach to reinventing the region's economy through an alignment of workforce development, economic development and education priorities in the region based on an agreed upon set of "Coos County Guiding Principles". These principles are as follows:

- Recognizing that a healthy economy is a diverse economy
- Recognizing that successful economic development is comprehensive development. A new factory is seldom the answer, communities must develop all their resources, human, business, public facilities, civic, if they want to see real sustainable change
- Preserving what is best in the region – stewardship has an important place. Protect what is sacred
- Recognizing no community lives in economic isolation – understand connections to the larger economy and take advantage of the opportunities afforded by them
- Thinking and planning beyond municipal line, regional collaboration is essential
- Broadening leadership, no shortage of talent, determination or willingness to work. Community must renew effort to engage all citizens in government and community life.

Regional Groups Roles and Responsibilities

The roles and responsibilities of the Core Regional Leadership Group will be further developed through the strategic planning process. Each partner to this process shall ensure that a minimum of one representative is designated to serve on the Core Regional Leadership Group. He/she will serve as a liaison between the leadership group and the entity he/she represents. It is anticipated that this leadership group will meet regularly and at a minimum develop a regional plan that:

- Establishes an organizational structure to support the Coos County Guiding Principles
- Identifies new strategies for assisting the private sector in doing business in Coos County
- Develops strategies to better market Coos County's assets
- Identifies new solutions for infrastructure investment

- Identifies regional workforce training needs

The Workforce Opportunity Council shall serve as the administrative entity for this project, and as such will hire a project manager to coordinate and guide the planning process, serve as a liaison between the Core Regional Leadership Group and the Workforce Investment Board, maintain records, compile reports and perform all other functions associated with the day-to-day management of the Regional Innovation Grant.

Leveraged Resources

Each partner to this process shall commit staff time and in-kind resources, if available, to support the work of Core Leadership Group for the duration of this project. In addition, the Workforce Opportunity Council (Workforce Investment Board) and the State Department of Resources and Economic Development shall provide technical assistance as needed.

In addition to the NEG funds received, \$200,000 of WIA funding was allocated to support of the activities of the Worker Assistance Center established for the provision of services to workers scheduled to be laid off from Wausau Paper effective December 31, 2007; rapid response funds were used to conduct a comprehensive business outreach effort, the results of which will be shared with the Core Leadership Group to support their work with businesses; and rapid response funds are used to support layoff aversion strategies in the North Country under the direction of the state economic development department..

Other resources are leveraged through the extensive membership of each of the local and community-based groups that are partners to this process. The AVER board alone has over 28 public and private sector members. GREAT, NCIC and others also have numerous community leaders as members of their boards and/or advisory groups. Together these entities represent broad-based partnerships with resources available to support the efforts of this transformation process.

Proposed Transformation Strategies

The Core Regional Leadership Group will begin the process of transforming to a regional economy approach to developing a new economy for the North Country of New Hampshire by developing a strategic plan for the region and begin to implement planned strategies. Using the labor market and community impact information (provided by resources such as the “Coos County Perspectives Pulp and Paper . . . Parks and Prisons” publication, the soon-to-be published report on the analysis of community impact specific to Groveton, NH, and similar economic reports on counties in northern Vermont and Oxford County, Maine) as a foundation the Core Leadership Group will begin the work of mapping out existing and potential resources available to support economic and workforce growth strategies. It is anticipated that this planning process will also build upon the existing framework of goals crafted in response to previous WIRED proposals, such as those articulated by the AVER group, which include the following:

- Developing an integrated training and workforce development system that will improve the region’s capability to attract, retrain and maintain a skilled workforce through regionally based formal and informal training opportunities;
- Creating new job opportunities that build on our natural surroundings and rural heritage to attract creative entrepreneurs and build a cluster economy around our environmental assets;
- Creating new infrastructure, curriculum and capability in technology to support more highly skilled jobs and job flexibility that will appeal to younger workers and workers with families;

Projected Outcomes

The primary outcome of this project will be a highly coordinated strategic plan specific to the unique needs and ongoing maintenance of a newly formed regional economy inclusive of counties in neighboring states and/or other areas as applicable. Through the continuation and expansion of this collaborative approach, we will be able to create a new economy for a defined region, which can serve as a model for

rural communities around the country. We anticipate that the implementation of this effort will increase training capacity, increase the numbers of students enrolled at the Community Technical College, increase business and job growth in the cluster economy of environmentally based businesses, increase wages in the technology based sector, decrease unemployment by engaging more unskilled workers in more skilled positions, and decrease “brain drain” of youth leaving the area. If successful, this new region will be known for its high quality, flexible education system that supports workers and responds to business needs. In addition, the region will be seen as a good place to raise a family, create a new business and connect to an emerging economy that is grounded in the traditions and natural beauty of the North Country and surrounding areas, supported by the proactive, responsive, business friendly leadership provided through the Core Regional Leadership Group.

Proposed Timeline for Key Activities (Assumes RIG Grant Approval in January 2008)

Initial Meeting with DOL	December 10, 2007	All stakeholders available for first meeting
Facilitated stakeholders meeting to identify core leadership group and establish a governance structure	January - February 2008	All stakeholders, including Vermont and Maine representatives
Hire a project manager	January -February 2008	Workforce Opportunity Council/ appointed selection Committee
Issue RFP for consultant services	January -February 2008	Workforce Opportunity Council
Hire a strategic planner consultant	February 2008	Workforce Opportunity Council/Core Leadership Group
Ongoing committee meetings, planning process; linked to dislocation issues in the region	February – May 2008	Identified committee members
Initial strategic plan outline presented to the Workforce Board and others	June 2008	Workforce Board (s); stakeholders
Identify funding sources, make application for additional resources	June 2008	DOL, Commerce, others as identified
Ongoing planning activities	June 2008 – January 2009	Core Leadership Group
Support for implementation strategies	June 2008 – June 2009	Core Leadership Group