

42 SPN

FEB12'15 PM 3:17 DAS



STATE OF NEW HAMPSHIRE
DEPARTMENT of RESOURCES and ECONOMIC DEVELOPMENT
DIVISION OF ECONOMIC DEVELOPMENT
172 Pembroke Road P.O. Box 1856 Concord, New Hampshire 03302-1856

January 9, 2015

603-271-2341
FAX: 603-271-6784
www.nheconomy.com

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Executive Council
State House
Concord, New Hampshire 03301

REQUESTED ACTION

Authorize the Department of Resources and Economic Development, Division of Economic Development to budget and expend \$57,270 of the Economic Development Fund for the purchase of a new client relationship management system and to create an online site selection website service upon Governor and Executive Council approval through June 30, 2015, 100% Transfers from Other Agency.

Funds to be budgeted in account titled, Economic Development Projects, as follows:

03-35-35-350510-36300000 Economic Development Projects		2015 Current Budget	Requested Action	2015 Revised Budget
001-405955	Transfers from Other Agency	\$185,830	(\$57,270)	\$128,560
038-500177	Technology - Software	0	57,270	57,270
073-500578	Grants to Individuals - State	3,300	0	3,300
074-500585	Community Grants	1,900	0	1,900
075-500590	Grants and Subsidies	17,118	0	17,118
Total:		\$208,148	\$0	\$208,148

EXPLANATION

RSA 12-A:2-e established the New Hampshire Economic Development Fund (Fund). The Fund is administered by the Commissioner of the Department of Resources and Economic Development and, with the advice and prior approval of the Economic Development Fund Review Committee (Committee) and the approval of the Governor and Executive Council, may be used for the purposes of business finance and expansion initiatives, job retention and creation, international trade, research and development projects, and other projects and programs beneficial to business activities in New Hampshire.

On December 17, 2014, the Committee approved a motion authorizing the Commissioner to spend up to \$75,500 from the Fund. The Department now seeks G&C approval to transfer \$57,270 from the Fund to be made as available appropriations. Anticipated expenditures are for the following purposes:

- 1) To purchase a new client relationship management (CRM) system that serves the needs of all business units within the Division of Economic Development. The goal is to migrate all five teams onto one CRM system that is cloud-based and mobile-friendly, and which will facilitate



TDD ACCESS: RELAY NH 1-800-735-2964 recycled paper

DIVISION OF ECONOMIC DEVELOPMENT 603-271-2341

efficient tracking and reporting of activities. An improved system is also one of the recommendations provided by a recently conducted legislative performance audit. Cost of this system is approximately \$17,270.

- 2) To create an online site selection website for New Hampshire for use in recruiting new businesses to the state. This web based tool, which will be utilized by site selectors and CEOs engaged in a site selection process, will offer property search and location analysis as well as a community search engine to meet the specific requirements of the business. Cost is approximately \$40,000.

The following appropriation is being requested:

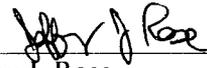
Class 038 Technology -- Software \$57,270, amount needed to purchase CRM system and to create online site selection website.

Respectfully submitted,



Carmen Lorenz
Director

Concurred,



Jeffrey J. Rose
Commissioner

STATE OF NEW HAMPSHIRE DEPARTMENT OF RESOURCES AND ECONOMIC DEVELOPMENT DIVISION OF ECONOMIC DEVELOPMENT ECONOMIC DEVELOPMENT PROJECTS FISCAL SITUATION - JANUARY 9, 2015	
<i>03-35-35-350510-36300000</i>	
Balance Forward – July 1, 2014	208,148
Anticipated Revenue - FY 2015	-
Total Funds Available - FY 2015	208,148
Budget Fiscal Year 2015	22,318
Funds in Excess of Budget	185,830
Amount Reserved if Appropriations Request Approved	128,560
Additional Appropriation Request	57,270



STATE OF NEW HAMPSHIRE
DEPARTMENT of RESOURCES and ECONOMIC DEVELOPMENT
OFFICE of the COMMISSIONER

172 Pembroke Road P.O. Box 1856 Concord, New Hampshire 03302-1856

603-271-2411
FAX: 603-271-2629

**Economic Development Fund Review Committee Meeting
Wednesday, December 17, 2014 at 1:00 pm in SH 103**

Presiding: Jeff Rose, Commissioner, Department of Resources & Economic Development

Present: Senate President Chuck Morse; Senator Lou D'Allesandro; Senator Jeanie Forrester; Speaker Shawn Jasper; Representative Mary Allen; and Representative Ken Weyler.

Also in attendance: Carmen Lorentz, Director, Division of Economic Development, Department of Resources & Economic Development

Representative Allen moved the motion; Senator D'Allesandro seconded for:

To authorize the Commissioner of the Department of Resources and Economic Development to spend up to \$75,500 from the New Hampshire Economic Development Fund for the following purposes:

1. To purchase a new client relationship management system that serves the needs of all teams within the Division of Economic Development;
2. To purchase an annual subscription to a data service that provides real-time industry data and projections; and
3. To pay for the creation of a site selection website service for New Hampshire for use in recruiting new businesses to the state.

Amount: \$75,500

Disposition: resolved by unanimous vote; motion carried.

Total approved: \$75,500


Jeffrey J. Rose, Commissioner


Date

Proposal
New Hampshire Economic Development Fund
December 17, 2014

RSA 12-A:2-e established the New Hampshire Economic Development Fund. RSA 12-A:2-f established the Review Committee that oversees the Fund. A copy of the statutes is attached, along with a history of the Fund.

Background

The following is a summary of the issues that the Division of Economic Development seeks to address with this proposal.

1. The division is currently implementing a corrective action plan, as a result of a 2014 performance audit by the Legislative Budget Assistant. Key findings of the audit:
 - a. The division lacks a strategic plan
 - b. There is no cohesive performance measurement system in place
 - c. Internal data management systems are insufficient
2. The division must produce a strategic plan containing certain types of analysis and an economic dashboard by December 31, 2015, as per RSA 12-A:62. The division does not have access to the type of data required to fully comply with the law.
3. Corporate site selection has changed dramatically in the past five years with the increased use of online tools and smart phones. Most state economic development agencies have responded by providing online corporate site selection assistance services that enable businesses to easily research locations in their state. New Hampshire does not currently offer web-based site selection services, and as a result, we are missing out on a lot of opportunities.
4. As New Hampshire seeks to adjust to the post-recession landscape characterized by slow growth and out-migration, the need for a state economic development strategy has become more pronounced. Such a strategy should define the state's economic development priorities, guide the use of limited economic development resources, and coordinate the role of various economic development entities to ensure the state is maximizing its resources. New Hampshire has never had a plan like this, and the division should play a lead role in this effort.

Short-Term Proposal

The division proposes to acquire the following tools in the next six months:

Client Relationship Management (CRM)

\$18,000

CRM software is the mainstay of many organizations like the division that provide direct service to clients. We serve over 2,000 businesses and organizations each year. The CRM that three of our five teams use is many years out of date and is not supported by the Department of Information Technology. It does not work properly on our computers and staff are unable to

access it from their mobile devices. The division's other two teams utilize different CRM systems and the three systems do not integrate in any way. As a result, communication and performance measurement is extremely inefficient. We have been researching various CRMs used by other economic development organizations. Our goal is to migrate all five teams onto one CRM system that is cloud-based and mobile-friendly, which will make tracking and reporting on our work much more efficient.

Real-time Industry Data & Projections

\$17,500

The data that we currently have access to through the US Bureau of Labor Statistics and the NH Economic and Labor Market Information Bureau has limitations when it comes to economic development strategic planning. The data are typically a year old and are not available in a format or at a level of detail necessary to efficiently identify strategic industry clusters and project future needs. RSA 12-A:62 requires us to conduct these analyses as part of our annual strategic planning and to create an economic dashboard with economic performance measures.

There are data subscription services available that combine and manipulate data from multiple public data sources into an easily accessible format with the ability to conduct complex economic analyses with the click of a mouse. Access to this type of tool will enable us to fully comply with RSA 12-A:62 and implement the strategic planning recommendation from our performance audit.

Site Selection Website Service

\$40,000

As stated above, most states now offer online site selection services. New Hampshire does not offer this service. Since the majority of site selection processes now begin online, we are missing out on opportunities to recruit businesses to the state.

Online site selection services are typically bundled into one web-based tool that offers the following features for site selectors and CEOs engaged in a site selection process:

- **Community Search:** This first phase involves finding a potential community that meets the specific requirements of the business. This phase includes an analysis of demographics, labor force, access to transportation, logistical advantages, cost factors, consumers, community amenities, industry suitability, and the presence of business competitors, suppliers, and customers.
- **Property Search & Location Analysis:** After identifying a list of suitable communities, the company must find actual properties that meet their needs. A searchable database of properties that can be filtered by sites, buildings, property type, etc. is provided and the company is able to create a drive time (30 minutes, 15 miles, whatever the company deems reasonable) around that property and look at labor force characteristics, consumer demographics, transportation infrastructure, and other factors within that specific geography that are critical to their location decision.

There are several companies that build these web-based tools. They each offer different features. An RFP process would provide us with the information necessary to select the vendor that can build a tool to meet our specific needs.

We propose to make these strategic investments in FY 15. On-going maintenance costs for the above tools have been built into our FY 16-17 budget request.

Long-Term Proposal

Pending the outcome of the division's FY 16-17 budget, we propose to set aside the remaining funds to create a New Hampshire Economic Development Strategy. The division's Economic Development Advisory Council (EDAC) has encouraged us to seek resources to lead such a planning process. They also provided input on the guiding principles for such a process. In general, the EDAC agreed that such a plan should:

- Incorporate planning that has already been done.
- Have a regional focus – mobilize partners and resources around key issues/industries in each region.
- Focus on what the state can do with the limited economic development resources it has.
- Integrate/coordinate actions of local, regional, and statewide economic development entities.
- Create a sustainable structure that will allow for the plan to be updated on a regular basis.

We propose to create an outline for a planning process that identifies which elements the division can conduct on its own and which elements require professional consulting services. We would craft a request for proposals and identify one or more consultants to work with in this process.

TITLE I

THE STATE AND ITS GOVERNMENT

CHAPTER 12-A

DEPARTMENT OF RESOURCES AND ECONOMIC DEVELOPMENT

Section 12-A:2-e

12-A:2-e New Hampshire Economic Development Fund. –

I. There is hereby established the New Hampshire economic development fund which shall be administered by the commissioner of the department of resources and economic development. Said fund shall be for the purpose of providing funds for grants, loans and other economic development initiatives which shall be generally considered to be beneficial to the state's overall economy as provided for in paragraph II.

II. Said fund shall be distributed or expended by the commissioner with the advice and prior approval of the committee established in RSA 12-A:2-f and the approval of the governor and council for any of the following purposes:

- (a) Business financing and expansion initiatives.
- (b) Job retention and creation.
- (c) International trade.
- (d) Research and development activities.
- (e) Other projects or programs recognized as being beneficial to business activity in New

Hampshire.

III. To maximize the economic impact of expenditures from this fund, and to leverage additional funding from other sources, the commissioner may contract with such organizations as, but not limited to, the following:

- (a) New Hampshire Business Development Corporation.
- (b) Small Business Investment Corporation.
- (c) Innovation Research Center.
- (d) Small Business Development Center.

IV. All moneys returned to the department as a result of contracts between the commissioner and any other party as authorized shall be redeposited into the New Hampshire economic development fund. In addition, the department may accept gifts, grants, donations or other moneys for the purposes of this section. Said moneys shall be deposited into the New Hampshire economic development fund.

Source. 1991, 4:21. 2007, 251:6, eff. Aug. 27, 2007.