

**Cumberland County Community Development Program  
2016 CDBG General Program Application  
Community Cover Page**

New road to support new forest-products business, improve road safety, and new potential development opportunities in Baldwin.

**Project Title**

**Lead Community**

Baldwin

**Additional Communities**

**Contact Information**

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**Program Category**

Public Infrastructure/Facility  Downtown Revitalization   
Housing  Economic Development

**CDBG "National Objective"**

Low/Moderate Income: Area-Wide  Limited Clientele

Direct Benefit: Presumed Group  LMI Households in Cumberland County  (Identify Group)

Slum/Blight: Area-Wide N/A Spot Basis N/A

**Amount of CDBG Funds Requested** \$150,000

**Total Estimated Project Cost** \$250,000

**Name of Authorized Official** Gary McNeil

**Signature of Authorized Official**

*Gary McNeil* *Chair of Board*  
*Selection*

## 2016 Application – Economic Development Project Questions

### 1. Provide a brief summary of the proposed project. - 10 points.

**Project Summary** The Town of Baldwin has granted an easement across Town-owned land to a new forest products business, F.E. Wood Natural Energy, for the purpose of constructing an access road and utility corridor off of Route 113. This public infrastructure will support the town's first new major manufacturing business in decades, resulting in the creation of at least 15 new jobs. In addition, this access will open additional Town and private land for future commercial development.

**What will be built?** With CDBG funds, the Town will construct a new state highway grade access road and utility corridor connecting F.E. Wood with Route 113 and Central Maine Power's electrical grid. This new public road, which totals 1,600 linear feet, will allow for future development of Town and private property near State Route 113.

**Who will be served by the project?** As a result of this investment, F.E. Wood will create 15 new full-time jobs with benefits. In addition, the road will help the Town provide access to other public and private property near the former Baldwin Consolidated School for a municipal, community and commercial center.

F.E. Wood is a 5<sup>th</sup> generation family-owned forest products company, based in Baldwin. The family previously operated two sawmills and a pallet mill, employing as many as 40 people. The new manufacturing business will be a premium wood pellet mill, creating 15 direct jobs at the facility, and supporting over 100 indirect jobs in the wood supply chain and local services needed to service the new mill. F.E. Wood has worked closely with the Town through the process of developing the new business, and is committed to creating jobs and economic impact in Baldwin.

### 2. Provide a response to the four questions below defining and justifying the need for the activity. - 20 points

#### a. Convey the magnitude and severity of the issue to be addressed.

Manufacturing jobs are critical to Maine's economy, which has targeted wood products as one of the state's most important industry clusters. Since 2001, however, Cumberland County alone has lost 4,104 manufacturing jobs, including 236 in the production of wood products. The average manufacturing job in the region pays \$59,384 per year compared to \$45,968 for all other jobs. During this same time frame, Baldwin has lost over a dozen businesses, including FAMCO's

sawmill and pallet mill operation, F.E. Wood & Sons' sawmills and pallet mill, and several others, leaving the town with just one manufacturer.

This project will support the creation of a new manufacturing business that will support 15 direct jobs at the facility and over 100 indirect jobs in the logging and forestry supply chain throughout Cumberland County. In a time where the forest products industry is suffering setbacks and losses of paper mills, biomass power plants and sawmills, this new manufacturing business is a critical new market to support landowners, loggers, truckers and associated service industries throughout the region. It has the potential to attract several new businesses to the area to support the operation, and fits well with the Town's heritage of natural resource based businesses.

In addition, the Baldwin Consolidated School closed in 2014. As a result of these losses, the Town has been left with a diminished tax base and a disengaged community. Despite the challenging situation, the Town has demonstrated its resolve to embrace this challenge by purchasing the former School, with hopes of revitalizing the buildings and surrounding area into a municipal and community center that is also attractive to new businesses. F.E. Wood Natural Energy is the first manufacturing business to locate to Baldwin in decades, and the Town is eager to support the business by also leveraging their investment as part of a long term business and community-building initiative.

*b. Identify the total number of people affected by the issue.*

F.E. Wood Natural Energy will create at least 15 new jobs in the Town. Out of the total number of people affected, at least 8 of the jobs to be created at the facility will be given to people from low/moderate income households. Indirect benefits include the creation of jobs associated with supplying the plant with raw material supply and services. In the project area, 34.7% of residents meet the low to moderate income household criteria. For these households and individuals, as well as the rest of the Baldwin community, this new business is an exciting opportunity to add and support new jobs in our local community.

*c. Describe to what extent the project makes in the long-term measurable difference in the economic and social health of the region.*

The Town is moving ahead with a progressive strategy for growth and revitalization, and is taking the first steps by supporting new business development and focusing efforts around the assets the Town has available. The project will provide necessary public infrastructure for the new business to start operations, supporting at least 15 new jobs at the facility, and opens public and private property for additional development in the area. The Town will benefit from a diversified and increased tax base, new job creation, and

supporting the logging and landowner community that is struggling in Cumberland county and throughout the region.

d. Construction related activities: Convey how the project relates to the community's long-range planning and capital improvement needs.

The infrastructure project supports the new manufacturing business locating to Baldwin, and will open additional Town and private property for potential future commercial development opportunities. The Town is interested in strategic investments to stimulate new business growth in the area, to attract new jobs and diversify the tax base of the Town. The Town is looking to leverage the F.E. Wood and CDBG investment into additional commercial development and job creation in the area.

3. **Management of the proposed activity – 10 points**

a. Define who will manage the grant funded project and how they will manage it.

The Town of Baldwin will oversee the road construction project. F.E. Wood Natural Energy and its partner, Jones Associates, will provide engineering, design, performance contract preparation and contractor oversight on behalf of the Town, with the Town having final approval and oversight.

b. Explain the experience of the applicant in undertaking projects of similar complexity.

The Town has overseen several comparable road construction projects in the past few years, including a \$163,000 emergency road construction/repair project on Brown Road. This project, completed in 2014, utilized Town and Maine Emergency Management Funds, removing a section of road destroyed after Hurricane Irene, and rebuilding a state-highway grade road.

F.E. Wood is a startup company, with development investments from and partnerships with Coastal Enterprises, Maine Technology Institute, Hancock Lumber and Jones Associates. Together with these partners, F.E. Wood has undertaken substantial design/build, project management and fund management projects, including permitting, designing, preparing all contracts, soliciting bids and managing the funding and construction process for a large manufacturing facility.

For over 20 years, Jones Associates has worked with commercial and individual landowners as well as government sectors (federal, state and municipal) to provide advice and expertise with project planning, permitting, and compliance. Projects designed and executed by JAI have varied from small individual

properties and land use, permitting and construction preparation, to advisory, preparation and supervision of massive road, facility and property development projects.

- c. Demonstrate that an ongoing commitment exists to continue the maintenance and operation of the activity or facility.

In the road and utility corridor easement agreement with the Town, F.E. Wood Natural Energy is responsible for all ongoing maintenance costs of the road, including repair, snow plowing, etc. In addition, F.E. Wood Natural Energy has put in place a Memorandum of Understanding with the Town that demonstrates this commitment.

#### **4. Readiness of Project to Proceed – 20 points**

Describe the steps that have been completed or must be completed to bring the project to construction start. These may include: site control, design, engineering, cost estimates, procurement of permits, testing, consultations concerning life safety, ADA, or other special requirements, traffic studies, zoning, Planning Board approval.

##### **Completed:**

- The road and utility corridor has been approved by the Town in a special town meeting vote.
- The easement has been drafted by the Town.
- F.E. Wood Natural Energy has had the land surveyed, and has received local, state and federal permits for the construction project.
- Maine DOT has approved the entrance permit, and has verified that line of sight meets all requirements of the department.
- The road design has been completed by Jones Associates and accepted by Maine DOT and DEP
- Initial estimates for material and labor costs have been completed by Jones Associates.

##### **To be Completed:**

- Town must vote to approve and accept the final CDBG grant being submitted.
- Bids must be solicited from local civil contractors, and a contractor will be selected.
- Private matching funds from F.E. Wood Natural Energy must be deployed alongside the CDBG grant funding.

Describe any existing and/or potential impediments to project initiation.

If the citizens of Baldwin choose not to approve the CDBG grant application at a Town Meeting on March 12<sup>th</sup>, the project would not proceed.

Community sponsored applicants require a threshold 20% match in cash, donated land or building materials, or contracted project development services.

F.E. Wood Natural Energy will provide a 40% match in order to show its commitment to completing the project. The source of the matching funds will include private funds from F.E. Wood Natural Energy, as well as in-kind services provided by F.E. Wood Natural Energy and Jones Associates. These private matching funds are referenced in the Memorandum of Understanding between the Town and F.E. Wood Natural Energy, attached below.

5. **Budget for project.** (See Appendix IV). - 5 points
6. **Implementation schedule for project:** (See Appendix III). - 5 points
7. **Economic Development/Job Creation Related Projects** – 15 points
  - a. Detail the financing package for the project, the steps taken to meet the business's capital needs and the need for CDBG funds to fill a financial "gap".

The project will leverage \$50,000 of private investment from F.E. Wood Natural Energy, as well as \$25,000 of in-kind services to be performed by F.E. Wood Natural Energy, and \$25,000 of services performed by Jones Associates and paid for by F.E. Wood Natural Energy. The CDBG investment is critical to the execution of the project, laying the foundation for future private investment by F.E. Wood Natural Energy and additional businesses along the corridor. F.E. Wood Natural Energy is operating in a very competitive market environment, with fossil fuel prices at unprecedented low prices compounded by high costs for electricity and raw materials. The company needs the support of the Town of Baldwin, as well as the CDBG program, to ensure it is able to launch successfully.

- b. Specify exactly what the CDBG funds will be used for, i.e. capital equipment, facility improvement, working capital, etc.

The CDBG funds will be used for construction of a state-highway grade access road, including civil work, paving and signaling/signage for traffic control, and a utility corridor for electricity delivered by Central Maine Power.

- c. Describe the role the CDBG funds will have on the business's ability to remain competitive and create jobs within the period July 2016 to June 2017. Identify the number of jobs to be created during this period.

This CDBG grant will allow the business to focus its investments on the new manufacturing facility, by defraying the costs of the new public infrastructure that is not readily available to support the business. This will ensure the new facility will be built within budget, and allow the company to start operations in a competitive and healthy financial position. This will aid the creation of 15 full time positions at the new facility before June 2017, and provide a safe access corridor for commercial traffic. At least 8 of these jobs will go to members of LMI households in the local community. F.E. Wood will prioritize recruiting members of the local community for positions at the new facility, and will maintain proper records of the household income levels of those employees, to maintain compliance with the CDBG program.

d. Describe the market the business operates in, i.e., competitors, costs and product demand. What risks does the business face?

F.E. Wood Natural Energy will produce premium quality wood pellets for home heating. These pellets will be sold to local retailers and directly to the community, helping to lower heating costs and displace fossil fuels. The wood pellet heating industry is growing, and despite unprecedented low oil and natural gas prices, demand for renewable, sustainable, local heat with wood pellets is continuing to increase. The business is a new entrant to the market, so they face challenges establishing their new brand in a growing marketplace, and controlling costs and overhead until the business is well established.

e. What is the impact on the project if CDBG funds are not received or if only partial CDBG funds are received?

If CDBG funds are not awarded to the project, the costs of developing the roadway to state highway standards will be prohibitive for F.E. Wood Natural Energy or the Town to bear, and the new business will be forced to secure additional capital to build a public road to service the facility, which will be a significant impact to the new business's cost competitiveness. In the case of reduced CDBG funds being awarded, the scope of the project will need to be reduced, which will have adverse impacts on safety, traffic flow and the cost competitiveness of F.E. Wood Natural Energy's new business.

8. **Distress Score**

Baldwin has a 2016 Community Distress Score of 3.

9. **Multi-Jurisdictional Bonus**

N/A

## Appendix III: Project Implementation Schedule

**Project Implementation Schedule**

<b><u>Activity</u></b>	<b>Q #1 J - S 2016</b>	<b>Q #2 O - D 2016</b>	<b>Q #3 J - M 2017</b>	<b>Q #4 A - J 2017</b>	<b>Q #5 J - S 2017</b>	<b>Q #6 O - D 2017</b>	<b>Q #7 J - M 2018</b>	<b>Q #8 A - J 2018</b>
Contract/ Environmental Review	X							
Reporting		X	X	X	X	X	X	X
Town Approval of CDBG Grant Submittal	March 2016							
Bids Solicited for Road Construction	March 2016							
Bids Reviewed / Approved	April 2016							
CDBG Funds Awarded	X							
Matching Funds Deployed	X							
Notice to Proceed Issued for Road Construction	X							
Road Construction Begins	X	X	X					
Construction Completed				X				
Final Payment to Contractor				X				
Documentation, Reporting and Project Completion					X			

Type of Funding	Match Amount	Source of Match	How is the match calculated?	Is the match secured? Please circle yes or no.	If yes, please attach relevant documentation. <sup>1</sup>	If no, please outline and attach future steps to secure match. <sup>2</sup>
F. E. Wood Natural Energy	\$50,000	F. E. Wood Natural Energy	20% of the estimated cost of the road project	<input type="checkbox"/> Yes / <input type="checkbox"/> No	See attached MOU	
F. E. Wood Natural Energy Donation	\$25,000	Tony and Dean Wood In-kind labor	Preparing applications, preparing bid solicitations, reviewing and approving bids, coordinating contractors, overseeing projects, completing documentation and reporting.	<input type="checkbox"/> Yes / <input type="checkbox"/> No	See attached MOU	
Jones Associates Donation	\$25,000	Rick Jones and Evan Jones labor.	F. E. Wood Natural Energy has compensated Rick and Evan for their design, permitting and surveying services to prepare for the road construction project and prepare a formal proposal for approval by the Town.	<input type="checkbox"/> Yes / <input type="checkbox"/> No	See attached MOU	
<b>TOTAL MATCH</b>	<b>\$100,000</b>					

<sup>1</sup> Please feel free to attach up to 1 page of additional documentation demonstrating secured match.  
<sup>2</sup> Please feel free to attach up to 1 page explaining the future steps that will be taken to secure matches.

**Appendix IV: Budget**

<b>Construction Projects</b>				
<b>Cost Category</b>	<b>CDBG Funds</b>	<b>Municipal Funds</b>	<b>Matching Funds</b>	<b>Total</b>
<b>Road Design, Engineering, Soliciting Bids</b>	\$0	\$0	\$25,000	\$25,000
<b>Land Costs</b>	\$0	\$0	\$0	\$0
<b>Materials/Supplies</b>	\$0	\$0	\$0	\$0
<b>Road Construction Costs</b>	\$150,000	\$0	\$50,000	\$200,000
<b>Project Management</b>	\$0	\$0	\$25,000	\$25,000
<b>Total Costs</b>	<b>\$150,000</b>	<b>\$0</b>	<b>\$100,000</b>	<b>\$250,000</b>

**Provide the basis for determination of budget amounts:**

Road Design – Actual funds expended by F.E. Wood Natural Energy to design/engineer and prepare bids for road.  
 Construction Costs – Labor and Materials Estimate based on previous projects.  
 Project Management – Labor required to prepare bids, review and approve bids, award contracts, maintain contracts, supervise construction and prepare final documentation for Cumberland County CDBG and Town review.



February 2<sup>nd</sup>, 2016

**Memorandum of Understanding**

**Between: The Town of Baldwin and F.E. Wood Natural Energy, LLC**  
**Project: New road to support new forest-products business, improve road safety,**  
**and new potential development opportunities in Baldwin.**

This Memorandum of Understanding (“MOU”) between The Town of Baldwin, acting through the Baldwin Board of Selectmen, and F.E. Wood Natural Energy, LLC (“F.E. Wood”), is in support of the Cumberland County Community Development Block Grant (“CDBG”) application submitted February 2<sup>nd</sup>, 2016 by the Town of Baldwin, to develop a new road to support F.E. Wood Natural Energy’s new forest-products business, improve road safety, and create new opportunities for development in the area surrounding the project.

This MOU provides guidance on the intent of F.E. Wood to invest in the new business, to be located in Baldwin, as well as to provide matching funds and supporting services to the Town of Baldwin, in support of the proposed project.

The proposed project design and estimates of construction costs are being developed by F.E. Wood and its civil design firm, Jones Associates, in support of the new project being submitted by the Town of Baldwin for consideration in the 2016 Cumberland County CDBG program.

In consideration of the project application submitted by the Town of Baldwin, F.E. Wood proposes the following financial and services contributions in support of the project:

F.E. Wood has paid \$25,000 for services provided by Jones Associates to survey, prepare and submit permits, and prepare a comprehensive design of the road and utility corridor contemplated in the project.

F.E. Wood will contribute additional funds not to exceed \$25,000 toward project management services to facilitate bid solicitation and contractor selection, construction management and financial and employment reporting requirements of the Town of Baldwin and the Cumberland County CDBG program. Those funds will be held in a Town bank account and applied to such services.

F.E. Wood will provide up to \$50,000 of matching funds to complete the project. In total, F.E. Wood will provide a 40% match to the grant funds provided by Cumberland County CDBG. These funds will be used for construction costs of the new road and utility corridor, and are to be considered part of the Town’s matching funds for the CDBG project.

F.E. Wood is committed to investing in the construction and startup of the new forest-products business, as well as creating a minimum of 8 new jobs for low and moderate income households, per the CDBG grant application, and economic impact in the Town of Baldwin and surrounding community. The new business will also provide increased tax base for the Town, and will support suppliers and service businesses throughout the region.

This MOU is based on preliminary construction cost estimates for the project, and final construction costs will be subject to a bid process administered by the Town according to Cumberland County CDBG program rules. The cost estimates may vary based on the bid selected. It is understood that the citizens of the Town of Baldwin will vote on final approval of the project at the Town Meeting on March 12<sup>th</sup>, 2016. It is further understood that this MOU is not intended to be a binding contractual commitment, and that the parties intend to formalize their relationship by written Agreement, at which time this MOU shall become null and void.

Submitted by:

Tony Wood, CEO  
F.E. Wood Natural Energy, LLC  
Date: February 2<sup>nd</sup>, 2016

Gary McNeil  
Baldwin Selectman  
Date: February 2<sup>nd</sup>, 2016