

**Cumberland County Community Development Program  
2012 CDBG General Program Application  
Community Cover Page**

**Project Title** Business Assistance to Roadway Utility Trailers

**Lead Community** Town of Standish

**Additional Communities** \_\_\_\_\_

**Contact Information** Name Gordon Billington, Town Manager

Address 175 Northeast Road, Standish, Maine 04084

Email standishtownmanager@roadrunner.com Tel (207) 642-4659

**Program Category**

Public Infrastructure/Facility  Downtown Revitalization

Public Service  Housing  Economic Development

**CDBG "National Objective"**

Low/Moderate Income: Area-Wide  Limited Clientele

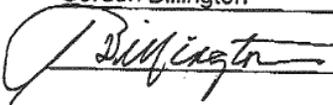
Direct Benefit: Presumed Group \_\_\_\_\_ (Identify Group)

Slum/Blight: Area-Wide  Spot Basis

**Amount of CDBG Funds Requested** \$48,778

**Total Estimated Project Cost** \$99,778

**Name of Authorized Official** Gordon Billington

**Signature of Authorized Official** 

1. Provide a **brief summary** (400 words maximum) of the proposed project. - **10 points**

The Town of Standish is requesting \$48,778 in CDBG funds to support the purchase of machinery and equipment for Roadway Utility Trailers. Roadway is an existing family owned and operated business located at 57 Northeast Road in Standish that offers a full line of towable open steel trailers for personal and commercial use as well as units built to customer specifications. Launched in 2011, the company has enjoyed modest success building 115 trailers for sale through a network of 6 dealers in Maine and New Hampshire.

CDBG funds are sought to help the company transition from a weekend venture with 1 full-time employee to a complete manufacturing operation with 8 full-time employees. Funds will be used to purchase machinery and equipment for the fabrication and assembly of trailer parts and components. By creating a full-time production shift, the company will be able to contract with up to 30 dealers in New England and meet the market demand for 500 trailers per year. Full-time employees will include painters, assemblers, and welders with hourly wages ranging from \$12-\$20 per hour. In accordance with CDBG national objectives, at least half of the jobs will be taken by persons living in households earning less than 80% of the region's median income. This expansion will generate an estimated \$400,000 in direct wages and benefits and \$1 million in Gross Domestic Product, representing a public investment of \$6,968 per job. As a 1:1 match to the grant, the company will build a 960-square foot addition worth \$51,000 with construction financing from Norway Savings Bank.



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

a. *Convey the magnitude and severity of the issue to be addressed.* Standish is a growing rural community of 9,874 residents located on the western shore of Sebago Lake. In the shadow of the White Mountains, Standish once boasted a proud heritage of manufacturing grounded in forestry, including the production of lumber and pallets. In 1980, the manufacturing sector still accounted for 632 jobs, more than half of all the jobs in the town. Over the last 30 years, the manufacturing sector has been decimated. The death knell struck on January 11, 2007, when Sensata, a manufacturer of circuit control devices, shut down, putting over 200 people out of work. This 124,483 square foot building is still vacant. According to the Maine Department of Labor, there are just 10 manufacturing jobs left in the town. Indeed, Standish is no longer a manufacturing center but a bedroom community of Greater Portland, where 80% of residents commute outside of the town for work, half driving to Portland, South Portland or Westbrook.

Compared to its more urban neighbors, opportunities for job growth in Standish are limited. Standish has no business or industrial parks, limited public water, and no public sewer to attract large employers. Future job growth is expected to continue through the expansion of the retail and service sectors, home occupations, and existing businesses.

The loss of manufacturing jobs has affected the ability of the area's households to meet basic needs for food and shelter. According to Catherine's Cupboard, a food pantry in Standish run by St. Joseph's College, demand is up 50%. According to the U.S. Department of Housing and Urban Development, Tract 170, which encompasses Standish, recorded more foreclosures – 140 – than any other Census Tract in Cumberland County. According to the American Community Survey, the number of households in Standish receiving public assistance such as welfare or food stamps jumped 45% from 2009 to 2010. According to Gordon Billington, Standish Town Manager, the town has also witnessed a substantial increase in the homeless population. Since the town does not have any emergency shelters, it hosts residents in seasonal cottages, greatly increasing general fund expenditures for fuel and rental assistance.

*b. Identify the number of people & the number of low/moderate income people affected.*

Roadway Utility Trailers will create at least 7 new jobs. In accordance with CDBG national objectives, at least 4 jobs will be taken by persons of low to moderate income. The 7 new jobs will include painters, assemblers, and welders with hourly wages ranging from \$12-\$20 per hour plus employer-paid health care coverage.

*c. Describe the extent the project makes a long-term measurable difference in the economic and social health of the region.* Quality jobs at livable wages offer the best opportunity for ensuring the social and economic health of the region. This investment in Roadway Trailers will increase the town's manufacturing employment by 70% from 10 to 17 workers. In the last 12 months alone, Cumberland County lost 621 manufacturing jobs through layoffs and plant shut downs at Bushmaster, Barber Foods, Portland Valve, Maine Industrial Tire, and Dieelectric. Overall, the project will generate \$400,000 in direct payroll and benefits and \$1 million in Gross Domestic Product, representing a public investment of \$6,968 per job, well below the national CDBG threshold of one job per \$50,000 of investment. Since the company is locally owned, 75% of these monies will be recirculated in the Maine economy, producing benefit to the businesses that supply the company (indirect) and the businesses offering goods consumed by the company's workers (induced). According to Fairpoint's Northern New England Economic Scenario Model version 3.0, the total output associated with the expansion of Roadway Utility Trailers, including direct, indirect, and induced impacts, is \$4.25 million annually.

**3. Provide a response to the three questions concerning management of the proposed activity – 10 points**

*a. Define who and how the grant funded project will be managed.* The grant will be managed by Standish Town Manager Gordon Billington. The Town of Standish will execute an agreement with Roadway Utility Trailers that outlines the roles and responsibilities of each in fulfilling the

terms of the CDBG grant. Mr. Billington's role will include ensuring that the procurement of machinery and equipment meets CDBG guidelines; certifying that the majority of jobs are made available to and taken by persons of low-moderate income, and maintaining an inventory by serial number of items purchased with the grant.

*b. Explain the experience of the applicant in undertaking projects of similar complexity.* In the past, the Town of Standish has managed two CDBG Business Assistance grants from the State of Maine. Both awards, totaling \$207,000, provided working capital to Tower Publishing, a local firm, to create jobs for low-moderate income residents. More recently, the Town has managed two CDBG grants from Cumberland County: \$59,910 for the construction of a public park in Steep Falls and \$31,000 for capital improvements to preserve the historic Steep Falls Library.

Roadway Utility Trailers is organized as a limited liability company. At the helm is Phillip Pomerleau, Standish Town Councilor and local business owner. Over the last 33 years, Mr. Pomerleau has created four successful companies in town: Mainely Heating, an oil delivery service with 2,200 customers; Standish Collision Center, a local body shop; Heat Tech, a home heating repair service; and Standish Trailer Sales, a retail distributor of utility trailers.

Roadway Utility Trailers has recruited a solid management team with experience in all aspects of sales, production, and distribution. Phil Pomerleau will handle trailer sales. Plant Manager Aaron Pomerleau served in the United States Marine Corps for 18 years, where he managed a shop for the repair and maintenance of heavy vehicles. Production Manager Tony LaBrecque brings 23 years of experience with Gorham Public Works. Office Manager Ryan White has earned a Bachelor's degree in computer science. These senior partners have committed to working without a paycheck until the company turns a profit.

*c. Demonstrate that an ongoing commitment exists to continue the maintenance and operation of the activity or facility.* As a family-owned company, Roadway is committed to staying in the area. To keep costs low, the company began operations in a 3-bay garage at the Standish Collision Center on Northeast Road. The expansion will include construction of a 960-square foot addition to this facility, where the production line will be housed.

4. Demonstrate that the project is **ready to proceed** – 10 points

*Describe the steps that have been completed or must be completed to initiate the project.* This project has the support of the Town's political leadership. On December 13, 2011, the Standish Town Council authorized the Town Manager to submit the CDBG application. The critical rationale underlying this support is job creation. In 2006, the Town of Standish adopted a new Comprehensive Plan with the goal of encouraging the development of small businesses that create jobs for Standish residents and maintain the town's rural character.

The new production line will be housed in a 960 square foot addition to the Standish Collision Center, which offers parking, access, well, septic system, bathroom, and other amenities. The addition, estimated at \$51,000, will be constructed by adding three walls, a roof, and flooring.

To meet market demand, the company has already developed relationships with dealers throughout New England. Contracts have not yet been signed, however, until the full-time production line is established. These dealers, including hardware stores, home centers, and trailer retailers, will commit to selling at least 40 trailers per year. However, no trailer will be manufactured until it is ordered and pre-sold.

In order to facilitate trailers sales, the company has already built a prototype line of trailers in 18 sizes. These have been photographed for marketing purposes via brochure, catalog, and website. They also serve as “showroom display” for on-site retail in Standish.

*Describe any potential impediments to project initiation.* The greatest impediment to the company remaining in Standish was zoning. Historically, just a handful of parcels in Standish Corner and Steep Falls were zoned industrial to allow for heavy and light manufacturing. In 2011, the Town of Standish enacted several zoning changes. Dimensional standards in the Village Commercial district were changed to increase the maximum building footprint from 2,000 to 5,000 square feet. In addition, the definition of repair shops was changed to allow such facilities to fabricate their own parts. These changes enable Roadway Utility Trailers to build an expansion and to conduct light manufacturing at their current location.

#### **7. Economic Development/Job Creation Related Projects Only – 10 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”.*

In order to establish a full-time production line, Roadway Utility Trailers needs \$100,000, half for machinery and equipment, and half for building construction. The company has sought full financing from Norway Savings Bank. Although they are willing to extend a construction loan, they are not willing to fund an equipment loan. According to Darrell Herbert, Vice President of Commercial Lending in Gorham, the bank is unwilling to take make an equipment loan because Roadway is a start-up company which has not yet turned a profit. If the company fails, the bank would have to liquidate the equipment at auction, where it would likely fetch 20% of its worth. This creates a gap of \$50,000 which can not be filled by the market or the private sector.

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

With CDBG funds, the company plans to purchase \$48,778 worth of new machinery and equipment to set up a full-time production line. See Appendix A for list of machinery and equipment. All of the items, which can be classified as durable goods with a useful life of at least two years, will be procured through competitive bid and can be obtained within two weeks of ordering.

- c. *Describe the role the CDBG funds will have on the business's ability to remain competitive and create jobs within the period July 2012 to June 2013. Identify the number of jobs to be created during this period.*

CDBG funds will enable Roadway Utility Trailers to make the leap from weekend venture to full-time operation. Right now, the company shares both space and equipment with the Standish Collision Center, a separate business open Monday through Friday. On Saturday and Sunday, the space and equipment are used by Roadway. This expansion will enable Roadway to set up a full-time production line with machinery equipment in its own space.

CDBG funds will enable Roadway to fast track production. Currently, the company can produce 100 trailers per year at an 8% profit, generating an annual surplus of \$14,000, which is simply not enough to finance a \$100,000 expansion. At this rate, it would take 7 years for the company to build 700 trailers to raise \$100,000 on its own. But by fast tracking production, the company would be able to hire 7 full-time employees and generate \$1 million annually to Maine's Gross Domestic Product.

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

Trailers are used to haul a variety of utilitarian goods, including snowmobiles, canoes, ATV's, tractors, lawnmowers, and boats. Over time, their popularity has exploded due to the increasing cost of the average pick-up truck. With the average truck costing \$30,000, owners are reluctant to haul heavy vehicles or landscaping and construction debris that might scratch, dent, or damage the finish. On the other hand, a utility trailer costing \$1,000 can do the job.

Market demand in New England is currently being filled by competitors in Pennsylvania, Virginia, and Texas. These trailers are made of substantially inferior parts that are subject to a warranty of just two years. Sold at home stores, like Lowes and Home Depot, these utility trailers are backlogged for 4-6 months. For example, Standish Trailer Sales receives orders for about 100 trailers a year. In their experience as well as reports from dealers in Bangor, Waterboro, and Newcastle, it can take 13-15 weeks to fulfill an order with product shipped in from the south. While there are two other trailer manufacturers in Maine, they are not direct competitors: one offers a hydraulic trailer, which carries a high risk of liability, and the other, an aluminum trailer that is 50%-60% more expensive than a steel trailer.

Roadway Utility Trailers was established to meet the market demand for a quality, Maine built product with a fast turnaround time. Roadway offers towable open steel trailers in 18 sizes ranging in price from \$699 to \$9,400. In order to deliver a Maine built product, Roadway has committed to sourcing its supply chain locally. With the exception of tires, relationships have been established to obtain all components from suppliers within a 100-mile radius of Standish. Companies in Standish supply lumber and paint, while a firm in Westbrook provides steel, and another in Windham, bolts, nuts, and screws. All components, wherever sourced, are American-made. Roadway trailers are warranted for four years.

Roadway enjoys several competitive advantages. As a Maine manufacturer, the company is able to offer shipping costs throughout New England that are far lower than a trailer made in the South or Mid-Atlantic. By sourcing its supply chain locally, the company is also able to carry a low inventory, which means less cash is risked upfront. In addition, they are able to fulfill very small as well as custom orders within one week's turnaround time.

The central challenge for Roadway will be scaling up production from a part-time to a full-time operation while still meeting customer demands for quality, turnaround, and service.

8. *Provide a response to the four questions demonstrating the **need for CDBG program funds**. 15 points*

a. *What will be the consequence if the CDBG funds are not received?* If CDBG funds are not received, the company will continue as a part-time operation. In this part-time fashion, the company can build 3-5 trailers per week in a weekend. But with CDBG funding, the company would be able to scale up production, hire workers immediately at competitive wages, and produce as many as 10-15 trailers per week.

b. *What will be the consequence of partial project funding?* If only partial project funding is received, the company would seek to purchase the highest price items of machinery and equipment with the longest life spans.

c. *Why are CDBG funds critical for the project to proceed and be successful?* Put simply, there are no grants available for small business start-ups. The only options available for financing small businesses are lines of credit, subordinate debt financing, and asset liquidation. Prior to the start of the Cumberland County CDBG program, the State CDBG program provided a realistic avenue of funding to support business expansion. From 1982 to 2007, 11 municipalities in Cumberland County were awarded \$6,953,063 from the State program to support business development, including working capital, machinery and equipment, building construction and renovation, and public infrastructure such as water, sewer, and roads. Since the establishment of the Cumberland County CDBG program, no funds have been expended to support job creation for low-moderate income residents.

d. *Have or will you seek funds from other sources?* The company has already made application to the State's Pine Tree Development Zone program. If certification is granted, the company will qualify for the following benefits for at least five years: 100% credit of corporate income tax; 80% refund of payroll taxes for 5 or more employees earning at least \$45,000 in wages and benefits; 100% sales tax exemption on the purchase of machinery and equipment; and reduced rates for electricity used in manufacturing. Another State incentive program is the Business Equipment and Tax Exemption program (BETE), which would refund local property taxes paid on machinery and equipment. Neither program, however, advances money upfront, which means the company has to hire and spend for at least a year before receiving any cash back that might be available for the purchase of machinery and equipment.

**Budget**

<b>Cost Category</b>	<b>CDBG Funds</b>	<b>Municipal Funds</b>	<b>Other Funds</b>	<b>Total</b>
<b>Equipment</b>	\$48,778			\$48,778
<b>Materials/Supplies</b>				
<b>Operations</b>				
<b>Salaries</b>				
<b>Fringe</b>				
<b>Transportation</b>				
<b>Consultants</b>				
<b>Space/Rent</b>				
<b>Project Management</b>				
<b>Other – 1)</b> Construction of 960-square foot addition			\$51,000	\$51,000
<b>Other – 2)</b>				
<b>Total Costs</b>	\$48,778		\$51,000	\$99,778

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

See attachment for list of machinery and equipment

## Project Implementation Schedule

<b>Activity</b>	<b>Q #1 J – S 2012</b>	<b>Q #2 O – D 2012</b>	<b>Q #3 J – M 2013</b>	<b>Q #4 A – J 2013</b>	<b>Q #5 J – S 2013</b>	<b>Q #6 O – D 2013</b>	<b>Q #7 J – M 2014</b>	<b>Q #8 A – J 2014</b>
Contract/ Environmental Review	X							
LMI Job Reporting		X	X	X	X	X	X	X
Town executes agreement with Roadway Utility Trailers	X							
Company obtains necessary State and local licenses and permits	X	X						
Company procures machinery & equipment	X							
Company advertises positions		X						
Company hires and trains workers		X	X	X	X	X	X	X
Company solicits trailer orders from New England market	X	X	X	X	X	X	X	X
<b>Project Completed:</b>						X		

## Roadway Utility Trailers

57 Northeast Road

Standish, Maine 04084

Protective Welding Gear for (2) welders	\$160.00
Steiner welding strip doors (2)	\$998.00
Strong Hand tool welding table with mag clasp (2)	\$280.00
Strong used heavy duty welding tables (2)	\$4400.00
Welding blankets steiner velvet shield (2)	\$378.00
Welding hose reels 50ft cap (1)	\$439.00
Cylinder caddy hold 6 cylinder's	\$389.00
Welding torch cart (2)	\$1298.00
Tool bins	\$1400.00
Steel shelving	\$900.00
Air Compressor	\$4400.00
Mig Welder (2)	\$4800.00
Welding Station/Welding Curtains	\$2000.00
Small fork lift Used	\$4000.00
Bench's (4)	\$1400.00
Overhead crane system	\$2200.00
Plasma Cutter	\$1490.00
Hobart spodgun for aluminum	\$580.00

Commercial paint booth	\$ 9480.00
Kidde fire suppression	\$ 4699.00
9 Foot Chimney kit	\$ 639.00
3 Foot duct section	\$59.00
Deluxe electrical kit	\$1189.00
Welding helmets misc	\$ 2200.00

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Total	\$ 48,778.00
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