

***Detail the problems or needs facing the community/business to be assisted.***

OnProcess Technology (OPT) is a company that provides two primary services: 1) service supply chain optimization and management; and 2) customer experience management. It provides these services to leading businesses located throughout the world that are in various industries such as: broadband, cable, and digital home; infrastructure technology; logistics transportation support; medical devices; retail/consumer electronics original electronic manufacturers; and wireless.

Since its founding in Ashland, Massachusetts 17 years ago, OPT has grown significantly into a business of more than 1,000 employees, with multiple operations centers located in the United States and abroad. Going forward, OPT needs to accommodate its rapid growth and a need for additional capacity, in order to be able to maintain its competitive position in their industry. To satisfy this need, OPT must expand within its current operations centers, or establish new centers in communities where there exists both 1) a high quality, well-designed, and cost-effective infrastructure for their business activities; and 2) a new, reliable, affordable workforce possessing a strong work ethic. OPT is currently considering establishing a new operations center within the former MBNA call center facility located in Belfast, Maine, for these two specific reasons.

In addition, the City of Belfast, which is home to many of the region's larger employers, needs to attract additional businesses to its community in order to be able to provide employment opportunities to its own residents as well as to those of the surrounding communities, and also to be able to broaden its tax base.

***Tell how these problems relate to job creation or job retention activities.***

If OPT is able to solve its problem of having to accommodate its rapid growth and satisfy its need for additional capacity by establishing a new operations center in Belfast, it will result in the creation of new jobs to staff those facilities. More specifically, if OPT is able to secure CDBG funding to support its proposed project, it will create a minimum of 50 new full-time jobs. Conversely, were OPT to choose not to establish additional operations centers, more ambitious competitors that chose to grow their capacity may eventually take market share from OPT and negatively affect its overall workforce levels.

***Describe how the overall financial viability of the community/business is affected by the problems or needs.***

Within a highly competitive industry, OPT is considered a medium-sized firm, finding itself competing on one side against much larger and better-capitalized firms who generally offer a wider variety of services, and on the other side against very small, single-service firms. To maximize its financial viability and its ability to secure additional market share, it is crucial that OPT efficiently match its capacity with the amount of business it secures. One concludes that OPT must be selective and smart in choosing when and how to grow its capacity through the development of new operations centers, such as the one proposed for Belfast. OPT's overall financial viability may eventually be negatively affected should it choose not to establish new operations centers while other firms choose to expand their capacity.

In addition, the overall financial viability of Belfast itself is affected by OPT's need to establish an operations center here; not only would a new center generate sorely-needed additional property tax revenue for the City, but their presence would help to keep the former MBNA campus more fully occupied, which would help to prevent a future property tax assessment reduction that would result in lower amounts of property tax revenue being generated.

***Identify how employment opportunities for persons of low/moderate income are negatively affected by the identified problems.***

Were OPT not to establish a new operations center in Belfast, 50 new full-time jobs (and potentially more) would not be created. 44 out of the proposed 50 positions (the Logistics Service Representative 1, 2, and 3 positions) are ones that would not require extensive experience or a post-secondary degree; these would likely be much more accessible to persons of low/moderate income, who often possess limited work experience and education.

The City of Belfast desperately needs quality, stable jobs with benefits, particularly for persons of low/moderate income. While only 32% of Belfast's residents are considered low/moderate income, Belfast is also a significant net job importer. In 2011 (the most recent year for which data was available), 4,894 people worked in Belfast but lived outside of that community, compared to only 1,162 people who lived in Belfast but worked outside of that community. It is likely that many of these new jobs created would be taken by persons who live in the communities surrounding Belfast, communities which typically possess higher percentages of persons of low/moderate income (for the top 9 non-Belfast communities whose residents work in Belfast, their average percentage is 46.6%).

***Emphasize the importance of the affected business in relation to the stability of the community/region and its current financial well-being including property tax analysis before and after the proposed activities.***

The campus where OPT is considering leasing a portion thereof for a new operations center was initially built by the credit card company MBNA in the mid-1990's. At its peak, MBNA employed approximately 2,300 people at this campus; however, the number of employees located in this campus is now numbers only 1,700 (combining athenahealth, who purchased a portion of this campus in 2008, and Bank of America, who purchased MBNA in 2005). There is a need to have this campus be fully occupied, and ideally by multiple firms, as that would help diversify and stabilize the Belfast economy. The unemployment rates for both Belfast and the Belfast Labor Market Area consistently exceed that of both the State of Maine and the United States, revealing a definite need for additional jobs. (For December 2014, the unemployment rates for Belfast, the Belfast Labor Market Area, the State of Maine, and the United States were 5.6%, 6.1%, 5.0%, and 5.4%, respectively.)

The City Assessor estimates that the proposed project will increase OPT's assessment by approximately \$1,000,000, generating an additional \$21,650.00 in property tax revenue per year (though this assumes that their new personal property be eligible for the *Business Equipment Tax Exemption* program.) Conversely, were this campus to continue to experience significant vacancy, there is a very real possibility that the assessment for this facility would eventually be reduced, resulting in the generation of fewer property taxes for a community that sorely needs them, in light of increasing school budgets and reduced municipal revenue sharing and other State aid.

***Identify reasons why the community/business is unable to finance the proposed project on its own, or with assistance from other sources. Identify the sources from which resources were sought and explain why they are not being utilized as part of the proposed development project.***

OPT is currently unable to finance the proposed project on its own, primarily because it has reinvested the entirety of its profits from the past several years into critical investments including sales and marketing capacity, technology, and the acquisition of other companies. While all of these investments are necessary to expand OPT into a larger, more mature company, this has resulted in very little capital available to fund additional operations centers at this time.

In addition, the City of Belfast is unable to finance the proposed project on its own, due to other previous significant financial commitments. In particular, the City of Belfast has

committed \$2.5 million of its own funding towards three significant downtown infrastructure projects that are expected to support future business development (the Belfast Harbor Walk; the Cross Street reconstruction project, and the Front Street reconstruction project).

Establishing a new tax increment financing district and providing OPT a credit enhancement agreement was determined to have little or no impact in light of the fact that the components of their project would either not result in an increased property tax assessment (working capital and job training) or it would already receive favorable treatment under a different program (the *Business Equipment Tax Exemption* program, for their equipment).

City staff from various departments searched for financing programs other than CDBG for the proposed project, including ones offered by the following agencies: the Finance Authority of Maine; the Maine Rural Development Authority; the Economic Development Administration; and the U.S. Department of Agriculture, Rural Development. Ultimately, it was determined that none of these agencies could provide grant funding directly to a for-profit business at the quantities needed for the proposed project.

***Include a narrative that highlights any recent efforts by the community/business to assist job creation/retention activities.***

Over the past year, OPT has added approximately 650 new full-time positions to four of its facilities located in the United States, Bulgaria, and India. In addition, over the past 5 years, the City of Belfast has been exceptionally active in assisting job creation/retention activities, including: joining the State of Maine's Certified Business-Friendly Community Program; hiring its first full-time economic development director; providing funding to economic development organizations (the Belfast Area Chamber of Commerce, the Belfast Creative Coalition, and Our Town Belfast, Belfast's Main Street organization); starting a Brownfields assessment program; providing technical support to dozens of businesses that have relocated to Belfast; and obtaining grant funding to help pay for the remediation of Brownfield sites, as well as for the downtown infrastructure projects mentioned above.

***Detail the activities that the community/business will undertake using EDP funds to resolve the problems/needs presented in the Problem Statement.***

OPT will use EDP funds, in combination with their own matching funds, to undertake the following activities: 1) purchase computer, telephone, and other equipment; 2) provide working capital; and 3) to fund job training activities. These activities are the primary components necessary for the establishment of a new operations center in Belfast.

***Identify, in detail, the specific acquisition (if allowable), equipment, real property improvements and/or fixtures that will be installed, modified, and upgraded, etc., with EDP funds.***

The specific equipment that will be purchased with EDP funds (in combination with OPT's matching funds) include the following: phone system (\$1,000,000); desktops and headsets for 50 employees (\$96,518); Cisco 3650 series 48 port core switches (\$11,656); domain servers (\$9,800); Cisco 2960 series 48 port edge switches (\$8,702); Cisco 5512 adaptive security appliances (\$8,246); 16 TB network attached storage (\$7,350); web content filter (\$7,100); telephony headsets (\$6,210); backup solution (\$3,100); 55" LCD television display with wall mount/cable extender (\$2,978); Polycom systems (\$1,920); Category 5 ethernet cables for computer and phone (\$1,620); 2 desktops for television display (\$1,618); digital projectors (\$798); power strips (\$450); and Plantronics Y-cords (\$236). OPT's matching funds will also be used for the following items considered working capital: approximately 5.8 months of pay and benefits for the 50 positions (\$865,100); and approximately 5.8 months of lease payments for 10,000 square feet of space (\$66,598). Finally, OPT's matching funds will also be used for job training activities for the 50 positions (\$100,000).

***Explain how the solution directly solves the identified problems/needs.***

The solution of purchasing equipment, providing working capital, and funding job training activities solves OPT's need to accommodate its rapid growth and its need for additional capacity, by providing those things necessary to establish and begin running a new operations center in Belfast.

***Include a firm figure of the number of jobs to be created or retained as a result of the project, and how these jobs relate to persons of low/moderate income.***

The project will create 50 new full-time jobs (32 Logistics Service Representative 1's, 6 Logistics Service Representative 2's, 6 Logistics Service Representative 3's, 2 Production Supervisors, 1 Site Director, 1 Human Resources Director, 1 Training Associate, and 1 Quality Monitor), with at least 26 of them to be taken by persons of low/moderate income. As mentioned above, 44 out of these 50 positions (the Logistics Service Representative 1, 2, and 3 positions) would not require extensive experience or a post-secondary degree and would therefore be much more accessible to persons of low/moderate income.

***Clearly state the amount of EDP funds sought and how they will fit into the overall financing for the project.***

\$1,100,000 in EDP funds are sought, to be matched by \$1,100,000 from OPT's company cash flows, yielding the total of \$2,200,000 needed to complete the proposed project.

***Provide a generalized location of the site relative to the community and a copy of a floodplain map showing the project location. Include existing and proposed site and/or building improvements.***

Three maps which provide the information requested immediately follow this narrative.

***Describe the effect the EDP award and completion of the project, as a whole, will have on the ability of the community/business to remain competitive, and create/retain quality jobs.***

The EDP award and the completion of the project, as a whole, will affect OPT's ability to remain competitive and create quality jobs, as it will result in the establishment of a new operations center that will help OPT to accommodate its rapid growth and its need for additional capacity, and in the creation of a minimum of 50 new quality jobs.

In addition, the EDP award and the completion of the project, as a whole, will positively affect the City of Belfast's own ability to remain competitive in regards to out-of-state business attraction and quality job creation, as it would represent another successful attraction of a business to locate a new facility and create quality jobs within the former MBNA campus.

***Describe the market including identification of competitors, price structure, resource availability, operating/manufacturing costs, transportation costs, demand, and other factors influencing the marketability of the product or service proposed.***

*Competitors:* there are 3 types: 1) larger business process outsourcing companies (Witpro, Convergys, Genpact); 2) smaller companies that compete on only a narrow range of services (Complete Recovery, CPA) and 3) OPT's clients' own in-house resources.

*Price structure:* OPT prices its services on a per transaction basis, which results in variable costs that fluctuate with client volume; this differs from many of its competitors who charge clients based on a labor plus mark-up price structure. Overall the market is extremely price competitive, requiring OPT to bring technology, innovation, domain experience, and proven business process to deliver a cost-effective solution to their clients.

*Resource availability:* the primary relevant resource is workforce. OPT typically does its own recruiting, training, and onboarding, though it will also work with local agencies to source

local talent. OPT also has a history of promoting staff internally from entry-level Logistics Service Representative positions up into management.

*Operating/manufacturing costs:* OPT's labor rates are determined by local pricing pressures; generally, labor rates in Belfast are somewhat less than those in Massachusetts. Operating costs for heating, lighting, and maintaining its various facilities can have a significant financial impact. As OPT is not a manufacturing business, manufacturing costs are irrelevant.

*Transportation costs:* OPT provides their services remotely via phone which makes transportation costs generally irrelevant.

*Demand:* OPT has been successful during both strong and weak economic periods due to their technology, expertise, and operating history. During strong economic periods, OPT's value proposition becomes more focused on reducing the client's burden by shifting work to them, whereas during weak economic periods, OPT's value proposition becomes more focused on cost reduction, relying on their variable cost per transaction price structure.

***Identify all project risks and the extent of those risks.***

The three most significant risks to the proposed project are: 1) the ability to finalize a lease for space; 2) the ability to efficiently and cost-effectively attract the right talent from the Belfast labor market; and 3) the ability to secure CDBG funding for this project. OPT views the first two risks as manageable, and is hopeful that CDBG funding can be secured.

***Describe how the project is assured of successful completion within 12 months of grant award. Identify what work, such as pre-engineering, construction and improvements, or fixture purchases that have been completed, or are in process, and exactly how these relate to the proposed EDP project.***

The proposed project is assured of successful completion within 12 months of grant award considering the extensive planning that OPT has already done. Specifically, OPT: is currently finalizing the lease on space needed within the former MBNA facility in Belfast; has identified the specific equipment needed for its new operations center; has identified potential vendors for that equipment; and has planned its job training curriculum. In addition, OPT's matching funds are available now, and as the proposed project does not involve any significant construction, the only permit from the City that is expected to be required is a no-fee use permit which can be issued immediately upon application.

***Provide background information (including resumes) for the owners and/or managers of the business and specific information about the skills and experiences of the owners and/or managers as related to the successful management of the business and proposed project.***

OPT's senior management team, as a whole, possesses decades of relevant and extensive experience in varied sectors such as: reverse logistics; supply chain management, enterprise software; outsourcing; and sales and marketing. (Brief résumés of each member of the team are provided in the application.) The four team members who will be the most involved with the proposed project - Gustavo Estrella (Senior Vice President, Technology), William B. Gerraughty, Jr. (Chief Financial Officer), Richard J. Lunetta (Senior Vice President, Global Human Resources), and Richard Surace (Executive Vice President, Global Operations) – bring the necessary skills and experiences to ensure that it will be successfully managed.

***For a start-up business provide information on expertise or experience of part(y)(ies) involved in the project.***

This is not applicable; OPT has existed for more than 17 years and would not be considered a start-up business.

***Include a timetable for project implementation.***

*March 2015:* City of Belfast completes environmental review and other required project development phase activities, State of Maine executes CDBG contract with City of Belfast, City of Belfast executes clawback agreement with OPT, OPT finalizes lease at former MBNA campus, and OPT begins hiring new employees and providing job training; *April 2015:* OPT purchases all equipment; *December 2015:* OPT completes hiring for all 50 positions.

***Describe how citizen participation contributed to the actual development of this application, including how the required public hearing contributed to the process.***

The City, OPT, and Maine & Co. (their representative in Maine) undertook a concerted effort to encourage citizen participation in development of this application. Both staff from the City and Maine & Co. discussed OPT, their project, and the application at a special Belfast City Council meeting on 1/26/15, where City Councilors had an opportunity to raise questions regarding OPT's operations and plans, as well as to provide comments and suggestions that could have potentially contributed to the actual development of the application. The required public hearing, also held on 1/26/15, also contributed to the process by providing an opportunity for the public to comment and provide suggestions on the project and the development of the application.

***Outline other input from businesses, chambers of commerce, development organizations, local groups and individuals have had in increasing the citizen participation process for the proposed project.***

OPT and Maine & Co. have discussed the proposed project several times with representatives of two other businesses who would likely be neighbors as well as competitors for employees: Bank of America and athenahealth. Both have provided input regarding workforce quality and availability, and have expressed support and cooperation (in the case of Bank of America, they are considering altering their own plans for relocating within the former MBNA campus, in order to better accommodate OPT). Our Town Belfast and Allen Insurance and Financial also helped increase the citizen participation process for the proposed project by posting links to a *Bangor Daily News* article (see below) on their respective facebook pages.

***Highlight how the use of any media (TV, radio, newspapers, etc.) increased public awareness and participation in the EDP project.***

The City of Belfast, OPT, and Maine & Co. utilized a variety of media to increase public awareness and participation in the EDP project. Belfast's government channel (estimated to have more than 1,000 viewers) televised (both live and in reruns) the public hearing and the City Council meeting held on 1/26/15. News articles covering the discussion of the project at the 1/26/15 Council meeting ran in both the *Bangor Daily News* and the *Republican Journal* (Belfast's local paper, which also carried the public hearing notice). The public hearing and the City Council meeting were also streamed live on the internet and were made available online for later viewing; in addition, the aforementioned newspaper articles were also made available online. The public hearing was also posted to the City's website as a calendar item, which also posted on the City's twitter page. Our Town Belfast and Allen Insurance and Financial linked to the *Bangor Daily News* article from their respective facebook pages (which combined, garnered a combined 4 comments, 35 shares, and 61 likes).