ISLAND PLAN
CHARTING THE FUTURE OF THE VINEYARD

c/o MARTHA'S VINEYARD COMMISSION
BOX 1447, OAK BLUFFS, MASSACHUSETTS, 02557
508-693-3453 FAX 508-693-7894 INFO@MVCOMMISSION.ORG
WWW.MVCOMMISSION.ORG

Livelihood/Commerce Work Group Core

Meeting Notes of November 14, 2007, 3:30 pm, MVC Offices

Present

Members of the Core: John Abrams (Chair), Sherm Goldstein, Linda Sibley, Sean Welch, Jim Athearn,

MVC Staff: Mark London, Bill Veno

1. Synthesis Document

To prepare for the December 1 meeting of the Steering Committee and Cores, each Work Group Core has been asked to update their Synthesis Documents in order to incorporate the clarifications made in preparing the four-page Discussion Paper, the comments received at the forum, and, in our case, the key results of the two studies.

Mark will prepare a first draft for discussion by the Core. As the Core reviewed John Ryan's study, we noted sections which could be incorporated in the synthesis.

2. John Ryan Study – Phase 1

The Core made initial comments about the draft report. The review will be completed at the next meeting and comments will be forwarded to John Ryan. He will be invited to present the report on the Island, possibly after he completes a draft of the next phase.

In general, the report make clear that the aim is to diversify the economy by strengthening the non-visitor-based sectors, while recognizing that the visitor-based sectors will remain at the core of the economy and also need attention. There was a concern that the report pays passing lip-service to the vacation-related sectors, but the whole thrust is on other sectors.

We should be clearer about why we want to attract higher wage jobs. Are they well-suited to the present workforce? The aim is not to attract high-wage earners from off-Island to locate here, which will simply add to the inflation of real estate and other costs. The aims are primarily:

- To provide employment for the present workforce,
- To provide employment to make it more attractive for young people from the Vineyard to come back here after graduating from university, and

- To provide services needed by the local community.

We might have to provide workforce training, such as at the high school, to allow the present workforce to grow into these higher-level jobs. How can we identify growth sectors suited to the skills of people here?

3. <u>John Ryan Study – Phase 2</u>

The Core reviewed the draft scope of services for phase 2, dealing with the cost of living and the cost of doing business.

The phase 1 study indicates that service-sector jobs are better paid on the Vineyard that the average for the Commonwealth, so the challenge of improving job quality will probably be met more by transitioning to those economic sectors that have higher-wage year-round jobs, rather than simply raising salaries.

Section I - How Does the Cost of Living on Martha's Vineyard Compare to Other Locations? - Christine Flynn will look into the timing of the next quarterly ACCRA Cost of Living Survey. It would be useful to carry out a winter survey, since the previous survey was held mid-summer. However, it would take many months to conduct such a survey and get comparable results for other areas. This would delay completion of the phase 2 study.

Section II - How much income does it take to support a Basic Family Budget on Martha's Vineyard? - Housing should be separated out from other costs. Note that the income is different from other areas because of the seasonality. The extra costs of transportation should be discussed.

Section III - How Does the Cost of Doing Business on Martha's Vineyard Compare with Other Locations? - The extra costs of transportation should be discussed as well as the impacts of the high housing costs.

4. <u>New Core Members</u>

This will be discussed at a future meeting.

---

5. <u>Co-op Power</u>

Members of the Energy and Waste Core and the Livelihood and Commerce Work Group joined for this part of the meeting.

Lynn Benander, manager of Co-op Power, came to the Island to explain this consumer-owned cooperative building sustainable energy resources in New England and New York. Member equity is used to secure renewable energy resources. Co-op Power's first project is building a bio-diesel production facility in Western Massachusetts.

Lynn has spent the past two years putting together a cooperative approach to renewable energy generation. Community ownership offers many advantages. The community is in charge of the assets and makes the decisions about what happens; they are not easily sold for cash. Decisions are made democratically to reflect a community consensus. The cooperative owners share profits.

She presented a comparison of possible legal structures including for profit (sole proprietor or partnerships) and not-for-profit (cooperative, municipality, other government entity). In Massachusetts, it is not permitted to take private investment and give returns to the investors, without creating a public offering costing $150-300,000 just to set up.

Their conclusion is that the best approach to allow community ownership is to create a coop, which then incorporates a separate company that generates the energy. This allows private investment in the company, which can return profits to the investors. The coop remains a majority owner, and can disburse profits to its members. The key is setting up a structure allowing for private placement by investors. This structure can take in very large investments.

In Massachusetts, only a municipally-owned utility can put energy into the grid A municipally-owned utility is a very good model – it is efficient and provides low rates to residents. Present state law makes it difficult to create a new municipal or investor-owned utility since the existing utilities have a veto. Proposed legislation would give $100-150,000 to five already selected municipalities to look into the possibility of setting one up.

Co-op Power has 283 members, each of which bought a $975 share. Part of the investment goes for the capital investment, a smaller part for a package of benefits that is worth more than the total share cost. Members get discounts on products and services (some similar to Cape Light Compact). Their first project is building a bio-diesel plant. It would make 5-10 million gallons per year from recycled vegetable oil. The financing is $125,000 from the coop, $1,886,000 from investors, and $2,500,000 in loans. They have lined up investors prepared to accept a lower rate of return, four times the initial investment, but all the investment is at risk; they would be bought out after ten years. So the co-op will own 59-63% of a $5 million business for only $125,000. Staff will own 13%. More information is available on the Co-op Power website at www.cooppower.coop.

If we wanted to set up an energy coop, we could do it through Co-op Power. This could reduce start-up costs and would offer advantages of having a larger buying group. Alternatively, she'd be happy to provide all their materials for our use.

Next Meeting: November 20, 2007, 3:30 p.m. – to discuss Ryan's report and the Synthesis document

Notes prepared by Mark London