



CASE STUDY:

FEDERAL AGENCIES COLLABORATE TO SUPPORT AN EVOLVING **RURAL COWORKING SPACE**

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This case study was written by NADO Research Foundation Regional Development Research and Wealth Creation Specialist Melissa Levy. You can reach Melissa at mlevy@nado.org.

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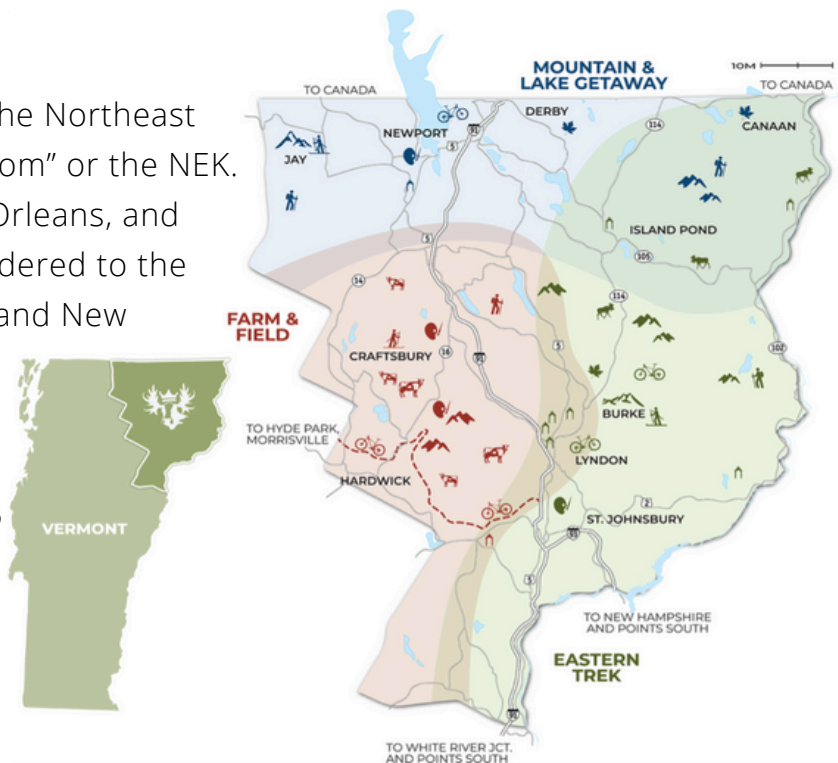
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FEDERAL AGENCIES COLLABORATE TO SUPPORT AN EVOLVING RURAL COWORKING SPACE

The U.S. Economic Development Administration (EDA) is collaborating with other federal agencies, like the U.S. Department of Agriculture Rural Development (USDA RD) and Northern Border Regional Commission (NBRC), to create economic development outcomes in the rural Northeast Kingdom of Vermont. This cooperation creates benefits such as job creation, skill building, capital investment, and regional economic diversification - all in the pursuit of healthy economic ecosystems that generate sustainable economic growth, resilience, and prosperity.

Northeast Kingdom

The northeastern counties of Vermont are familiarly called the Northeast Kingdom, or locally “The Kingdom” or the NEK. This region comprises Essex, Orleans, and Caledonia Counties and is bordered to the east by the Connecticut River and New Hampshire, to the north by Quebec, Canada, and to the west by the Green Mountains. The Kingdom encompasses 55 towns and gores,¹ with a land area of 2,027 square miles, about 21% of the state of Vermont.



Formed in 1950, at the same meeting where U.S. Senator George D. Aiken coined the term “Northeast Kingdom” to describe Caledonia, Essex and Orleans Counties, the Northeastern Vermont Development Association serves as both the Regional

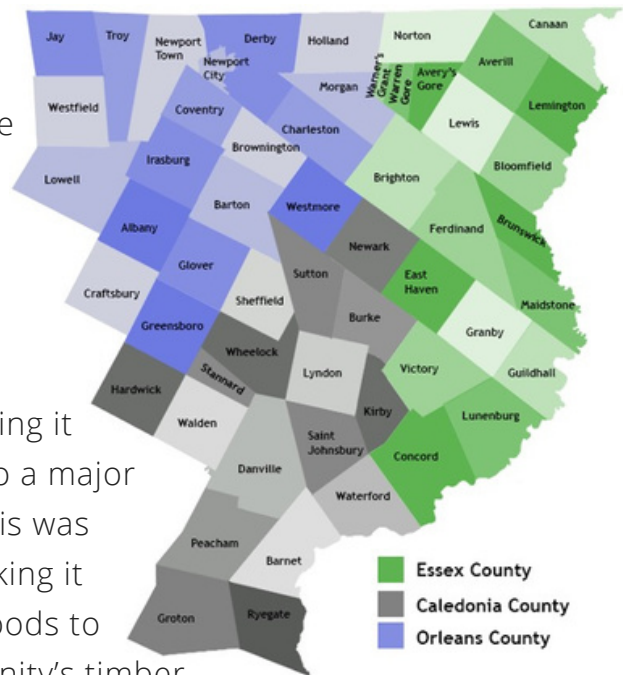
[1] In Vermont, gores and grants are unincorporated portions of a county that are not part of any town and have limited self-government (if any, as some are uninhabited).

Development Corporation (RDC) and the Regional Planning Commission (RPC), one of two organizations in Vermont that serves both roles. In other states, Regional Development Organizations handle planning and development. However, in Vermont, those responsibilities are split between Regional Planning Commissions (RPCs) and Regional Development Corporations (RDCs). The Vermont Department of Economic Development provides administrative funding to the 12 RDCs serving every geographic region of the state, which serve as “satellites” of the Department. The 11 Regional Planning Commissions (RPCs) are political subdivisions of the state of Vermont that provide key planning services to their constituent municipalities, in place of the role that county governments would traditionally serve.

Lyndonville

Lyndonville is a small rural Vermont village (population 1,136), one of five villages in the town of Lyndon (population 5,491).

Lyndonville was once described by Boston Magazine as one of the fifteen “best small towns” in New England. For more than 100 years, starting in the mid-1800s, Lyndon experienced an industrial boom, transforming it from an agricultural and timber economy to a major center of commerce and manufacturing; this was instigated by the arrival of the railroad, making it easier to import materials and transport goods to market. Manufacturing built on the community’s timber assets by adding value to produce lumber, paper, furniture, and textiles.



University as Business Development Provider

Lyndonville is also home to what was Northern Vermont University (NVU) but is now the Vermont State University (VTSU) – Lyndon campus, a small state college of 1,200 students. The concept of the university playing a role in area business development began in 2007, when a founding team led by Ann Nygard, Director of the Center for Professional Studies at NVU, formalized a technical assistance program for small

businesses in Vermont's Northeast Kingdom and New Hampshire's Coos, Grafton and Sullivan Counties. The program encouraged students to serve as consultants through the University's [Incubator Without Walls \(I-WOW\)](#) program.

Do North Coworking

What would become the [Do North Coworking](#) space, in Lyndonville, started small in 2018. The idea came out of a community visit by the



[Vermont Council on Rural Development](#) (VCRD). A coworking space is a shared office space where people from different companies can work together. Coworking spaces are designed to be more than just a place to work; they are also community centers where people can collaborate and network. Though a coworking space was not one of the community's top priorities from the VCRD process, a community champion for the concept, Evan Carlson, wanted to take action and was already working with the town and the college. There was also interest at NVU in building a business accelerator.

Since 2018, staff at NVU Lyndon (now Vermont State University at Lyndon) have taken the project to a higher level exponentially. The first partner to engage financially was the [Northeastern Vermont Regional Hospital](#), which contributed \$30,000, enabling Do North to pursue federal funding. The coworking space originally occupied the second floor of the former Bag Balm building in Lyndonville. At that point, EDA, NBRC, and the USDA RD state office collaborated closely and easily, talking openly about these types of projects. Do North originally came to EDA for construction funding, even though they did not own the building. Though it was a relatively small project in dollars, Do North was also advised to go to EDA for funding to support the capacity of the entrepreneur-in-residence. EDA's \$400,000 allowed NVU to consider the type of entrepreneur-in-residence they would hire, the skillset and background needed – essentially the social infrastructure necessary to run and manage the space. Then USDA and NBRC funds were used for the harder equipment costs and rehab of the facility.

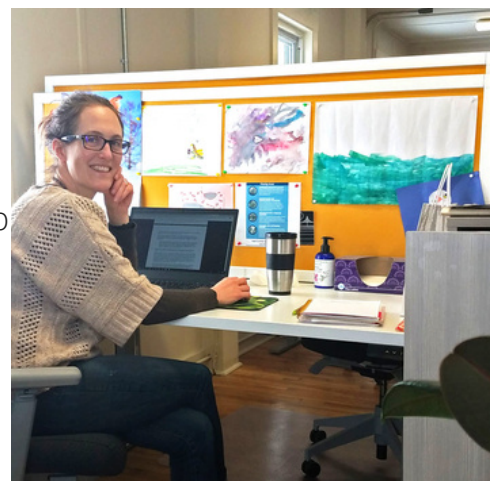
The Northeastern Vermont Development Association (NVDA), the Northeast Kingdom's combined Regional Planning Commission (RPC)/Regional Development Commission (RDC), provided financial backing and logistical support to the college as they were putting the project together. This included technical assistance funding for the interior design work, as well as support in getting tax credits for fit-up work through the Vermont Agency of Commerce and Community Development (ACCD). Downtown and Village Center Tax Credit, which are meant to "stimulate private investment, create jobs, restore historic buildings and jumpstart revitalization." NVDA also helped secure tax credits as Do North expanded to the third floor.

The outcomes in the first year were impressive; the space saw 114 coworkers, 228% more individual memberships, drop-ins, and space bookings than projected for the year. It was the primary office space for 37 members in year one. There were also 1,494 engagements in year one, between event participation, monthly members and space rentals, and space tours and inquiries.²

"One of the most valuable aspects of being a member of Do North, for me, has been the community. I appreciate the human connection and energy from engaging in conversations with office-mates. I have made a connection that led me to running for an open seat on the school board, where I now sit."

– Clare Irwin, Education Development Center – Remote Worker

Do North also offers programming designed to create an entrepreneurial ecosystem in the region, creating opportunities for entrepreneurs to find the support they need. Programming includes pitch workshops, KickStartNEK (a 9-week entrepreneurship program), KickStartNEK Bootcamp (a two-day course to help participants develop and refine their business model), pitch competitions, business and student entrepreneurship assistance. This has happened by developing partnerships with existing



² Do North Coworking. 2019 Impact Report. <https://lifo.vermont.gov/assets/Uploads/72def38568/2019-Do-North-Impact-Report-FINAL-v2.pdf>

organizations across Vermont, including NVDA, the Vermont Small Business Development Center, the Vermont Center for Emerging Technology, Center for Women in Enterprise, Launch VT and others who offer access to programs for different business stages. In Year One, these offerings supported 63 local entrepreneurs, providing 72 hours of entrepreneurial training and support and 7 businesses operating at Do North.

All of this stemmed from Do North Coworking and its success in tapping into federal funding, including the EDA, USDA RD (Rural Business Development program and Community Facilities), and the NBRC. The total project cost was \$887,341, with federal funding making up over \$600,000. Do North raised approximately \$280,000 in non-federal match (community and NVU matching funds) to bring to the table. Their biggest non-federal partner was the North Country Federal Credit Union which contributed \$125,000. Other donors included Community National Bank, the Lyndon State College Foundation, VCET, Northern Counties Health Care, Passumpsic Bank and the Northeastern Vermont Development Association itself. Sponsors included North Country Credit Union and Kingdom Trails, the organization behind the NEK's popular mountain biking trails.

The collaboration between EDA and NBRC enabled reciprocity with matching funds between the two agencies, which according to Ann Nygard is *"unusual and made it all possible for us."* Ann explains, *"the coworking space is the first grant I worked on where federal agencies were calling me wanting in."* EDA introduced the idea of using NBRC money to leverage EDA's money. Nygard also credits Vermont's



congressional delegation and the Northern Vermont Economic Development District (NVEDD). Having the NVEDD is a prerequisite for EDA funding and grants; *"to have this advisory that helps unite the Regional Development Commissions to put together a CEDS and identify priority areas is key. If the project does not fit into one of those priority areas, it would be difficult to receive funding."*

"Collaboration is expanding and patterned with federal partners.

There is a greater emphasis on collaboration."

– Ann Nygard

Forest Accelerator



Over time, Do North found that the businesses that were thriving in its coworking space were forest-based, such as White Out Solutions, a company focused on drone software development, undertaking tree inventory with drones; in the first year of Do North, White Out brought on 4 new hires, bringing the company size to 6. Northview Weather, a weather company that does forecasting for utility companies, brought on 5 new hires in 2019, bringing the company size to 6. Seeing a sector focus emerge, Do North returned to the NBRC for funding to expand to the third floor, receiving a \$1 million grant to expand into the third floor as a forest accelerator. The space was critical to the grant; as Ann Nygard, Director of the Center for Professional Studies, explained, *"having proximity of like-minded businesses together is a great catalyst. We saw that with Do North Coworking. All the federal partners had an interest in proximity."*

The forest accelerator began operating in 2022, after market research showed that the closest business accelerator dedicated to startups in the forest products industry was in Europe. The accelerator is now in its second cohort, with up to 10 companies a year being run through "a 4-month program for startup, pre-seed and seed stage companies throughout North America that are commercializing new and improved products, services and technology in the forest and wood industry." (These companies are focusing on "developing products that use chips, dust, resins, shavings, byproducts, and other low-grade wood; technology that improves forest industry operations, productions, automation, safety, management or sales through products or services that increase the use, efficiency or systems of wood-based heat, energy, or fuels."³ The first cohort was mostly regional startups; however, the second cohort includes entrepreneurs from



3 Northern Vermont University. 2022. Do North Coworking's Forest Products Accelerator Program. <https://www.northernvermont.edu/do-north-coworkings-forest-products-accelerator-program/>

the West Coast and British Columbia in addition to those from Vermont. *"This program is the first of its kind in the US to focus specifically on commercialization and innovation in the forest and wood products industry,"* said Jared Reynolds, manager of Do North Coworking and Forest Products Accelerator.

Benefits of the accelerator⁴ include **connections** (to industry experts and key players in the forest and wood products market), **commercialization curriculum** (expert advice and process to build a market-validated business case, business model and go-to-market plan), and **collaboration** (both virtual and in-person collaboration with other cohort participants, coaches and industry players).

The latest news around the forestry accelerator at Do North is the issuing of an investment grade Bioeconomy Development Opportunity (BDO) Zone 'A' Rating for

Caledonia County, for 726,000 bone dry tons per year of woody biomass; it is the first rating in the State of Vermont and extends a 75-mile driving distance from the center point in Lyndonville. The 'A' rating denotes "high prospective viability of Feedstock Supply and Infrastructure and low expectations of default risk in the Zone. Capacity to support new biobased plant operations is considered strong."

According to Jared Reynolds, Director of the Forestry Accelerator, *"The 'A' rating underscores our region's potential to support emerging and growing businesses in the bioeconomy. We eagerly anticipate collaborating with bioenergy, biochemical, and bioproduct companies to foster the expansion and diversification of bio-based and agricultural resources, propelling Caledonia County toward the forefront of bio-based industrial manufacturing."*



InnovateNEK

Late in 2023, the Northeastern Vermont Development Association (NVDA) secured a Venture Challenge grant for \$750,000 from the Economic Development

⁴ Forest Accelerator. www.forestaccelerator.org.

Administration Build to Scale Program. Vermont State University, via Do North, is a sub-awardee. The Center on Rural Innovation (CORI) as part of its Rural Innovation Initiative, provided technical assistance with the application, which was also supported by Do North. Matched with contributions from the State, the Town of Lyndon, the Town of St. Johnsbury, and the two partners themselves, these funds of over \$1.5 million will support the launch of the InnovateNEK initiative. The goal of InnovateNEK is to build the technology innovation economy in the NEK through entrepreneurship, investment and job creation. This will be done by building a community and culture around technology and innovation, building on existing programming to support tech entrepreneurs in getting to scale, and developing a network of mentors and financiers to build the social and financial capital necessary for these entrepreneurs to be successful. Programming will take place at Do North's location, at a new innovation space in St. Johnsbury, and in satellite locations throughout the region.

Center for Innovation and Entrepreneurship

In July 2023, Vermont State University created a Center for Innovation and Entrepreneurship (CIE). The mission of the CIE is to foster community collaboration, strengthen industry partnerships, and develop VTSU's role as an agent for positive growth within its communities. In addition to Do North Coworking and the Forest Accelerator, CIE will be establishing Innovation Hubs on each VTSU campus. The hubs are dedicated entrepreneurial laboratories on the Lyndon, Randolph, Castleton, and Johnson campuses with programming to mobilize the next generation of entrepreneurs and equip them with the skills and resources they need to create jobs, access capital, and scale commercially.

Northeastern Vermont Development Association (NVDA)

NVDA's role in all the work around Do North has been in a support role. This has involved technical assistance and support with finding funding. As Do North expanded to be a forestry accelerator, NVDA's role has evolved too, to sitting on panels, attending events, having staff available to support forestry businesses that have gone through the program. NVDA has also collaborated with the Center on Rural Innovation (CORI) for EDA's Build to Scale



program, to scale up programming with more support to the three counties over the next three years. In this collaboration, NVDA has helped to broaden CORI's focus from a purely digital economy focus to what this might look like in the NEK, including advanced manufacturing in the forestry sector or metals manufacturing, or composites.



As companies have gone through the programming at Do North, NVDA has also been available to connect them to grant funding that NVDA offers as well as financing mechanisms. NVDA is “attempting to build a network of people here and keep them engaged, because it’s a cool place to start a business.” This means being more present during and even after programming. After KickStartNEK, NVDA is keeping in contact with participants, offering services connecting with the co-located Small Business Development Center (SBDC), the microenterprise program at NEK Community Action, APEX at the Agency of Commerce and Community Development, and others.

According to Dave Snedeker, Executive Director of NVDA, *“This is where the intersection of the RPC and RDC really works. We’re able to help a town with a town plan and create the village center designation. Once we have that, we’re able to help commercial businesses with tax credit applications. With NVDA RDC staff support, nearly half of the tax credit applications in Vermont one year were in the NEK.”*

Through federal and regional support, Do North Coworking continues to evolve to meet market demands and regional needs for entrepreneurial support.