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CITY OF CAMBRIDGE  
COMMUNITY DEVELOPMENT DEPARTMENT

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TO: Robert W. Healy, City Manager

FROM: Susan B. Schlesinger, Assistant City Manager for Community Development

DATE: April 7, 1997

SUBJECT: Response to Council Order 17

This report is a response to Council Order 17. It addresses three areas related to the organization of the City's economic development efforts. First, it summarizes the current direction and activities of the Economic Development Division of the Community Development Department. Supplementary materials providing more detail on these activities are provided in the appendix. Second, it reviews the organizational structure of eight other cities as related to economic development. The third and final section analyzes the advantages and disadvantages of different types of organizational structures.

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**I. CURRENT INITIATIVES: FY 97**

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**INTRODUCTION**

The Economic Development Division/CDD consists of five full time professional staff. Two of these positions have been filled during the past year, enabling the Division to coordinate a review of the City's permitting and licensing systems and to lead the planning process for the revitalization of Cambridge Street. A number of key projects undertaken by the Division have come to fruition during the past year, including the publication of the City's draft Economic Development Policy, the ground breaking for Phase II of the University Park Development (500 permanent and 300 construction jobs), the opening of Hybridon's headquarters on Memorial Drive (200 permanent jobs), the publication of a marketing package in collaboration with the Chamber of Commerce, and the initiation a new small business loan fund, which is run collaboratively with the four Cambridge banks. The Division has continued the efforts it has established in the past several years to provide assistance to Cambridge businesses and has provided direct service to 365 businesses, year to date.

**ECONOMIC DEVELOPMENT POLICY**

The Economic Development Division of the Community Development Department published a draft Economic Development Policy, establishing Cambridge's first comprehensive vision for economic development planning. An initial draft was circulated for comment to members of the City Council during the Summer of 1996, following a series of discussions with City Councilors, the City Manager, and key staff. The initial draft was circulated to a variety readers for comment during the Fall. Readers included the MIT Enterprise Forum, major employers, and the Chamber of Commerce. The draft document was published in December. This policy has been presented in a number of forums, including the Chamber of Commerce and the Central Square Business Association.

The document lays out a vision of successful economic development in Cambridge and highlights the importance of quality of life issues in maintaining this success. In doing so, it builds on research performed by economists including Rosabeth Moss Kanter of the Harvard Business School and David

Birch, formerly of MIT, which finds that communities offering a high quality of life are the most successful at attracting entrepreneurs in the knowledge-based industries that represent Cambridge's market niche. A high quality of life includes excellent public schools, safe streets, cultural amenities, strong residential neighborhoods with opportunities for home ownership, recreational facilities, good public services, modern infrastructure (including roads, water and sewer systems), and a host of intangibles that contribute to a community's reputation. The City expects that by promoting the interdependence of the civic and business communities, promoting economic self-determination among its citizens, and maintaining a self-sustaining economy, it will maintain this high quality of life. The draft Economic Development Policy reviews Cambridge's competitive strengths and challenges, and provides an overview of the trends and issues across five areas of the economy: entrepreneurship, employment, capital, real estate, and business climate.

The economic development program outlined in the document is tailored to the needs of a small community and presents a vision of a vibrant entrepreneurial economy specializing in commercializing technologies developed at its academic research centers. It recognizes the importance of maintaining a diverse array industries and employment opportunities, and of preparing residents for these opportunities. In keeping with its small geography and dense pattern of development, it proposes a careful management of land resources to enable its development districts to provide the jobs of the future and its commercial districts to provide a varied mix of consumer goods and services, as well as rich cultural and entertainment amenities. Although small in size, Cambridge's economy is world class in scope, providing cutting edge products and changing the way business is practiced around the globe.

### **ENTREPRENEURSHIP** **Supporting Small Business**

Cambridge's economy is rooted in entrepreneurship. The many small businesses which start here provide an internal dynamism which sustains Cambridge's economy. The Division supports entrepreneurship by outreach to minority and women owned businesses, providing individual assistance to firms seeking to grow their businesses, by outreach to the various MIT affiliates involved with entrepreneurship, by helping small firms find small space of under 2,000 square feet and by funding the Cambridge Business Development Center, which offers mentored support groups to CEOs of high tech firms with high growth potential.

Thus far in Fiscal 1997, the CDD Economic Development Division has served the needs of 37 minority owned businesses and 45 women owned businesses. An example of a business that have benefited from this assistance is OfficeMates, a provider of customized bookkeeping and accounting services which has become the nation's largest bookkeeping firm. Services to this firm from the Economic Development Division over the past four years have included advocacy to the Urban Initiative Fund for a loan enabling the then start-up to hire staff, assistance developing a business plan, assistance obtaining a larger loan from Fleet Bank to finance expansion of staff, and assistance developing a marketing strategy. The firm currently employs over 40 people and had \$1.6 million in revenues for 1996. OfficeMates was a recipient of the Small Business Administration's Minority Business of the Year Award in 1996.

Small business individual assistance (not including assistance relating to financing, finding sites and development consultations, which are listed later in this paper) was provided to 145 small businesses ranging from start-up feasibility studies to developing marketing strategies. An additional thirty seven small businesses were provided assistance finding small spaces of under 2,000 square feet.

Economic Development Division staff also participated in the Women Owned Business Committee and the Membership Committee of the Chamber of Commerce. In May, the Division will co-sponsor an 11 week seminar with the Center for Women's Enterprise, which is designed to help small businesses improve their business planning skills. In June, the Division will co-sponsor with MIT an event celebrating entrepreneurship in Cambridge. The Division's popular Cambridge Women's Business Directory will be reprinted during the Summer of 1997. During the last year, the Cambridge Business Development Center

has maintained three support groups for CEOs and initiated a breakfast series for CEOs of growing companies with guest speakers who are noteworthy entrepreneurs.

### **Marketing Cambridge's Entrepreneurial Environment**

Cambridge's economic profile, an entrepreneurial culture, extremely low commercial vacancy rate, limited supply of vacant real estate, lack of bank funding for speculative development, and relatively high costs with limited availability of parking, does not lend itself to broad scale marketing. However, there is an ongoing need for informational materials describing the programs the City offers in support of the economy and a need for marketing materials that can be used in targeted marketing situations. FY 97 publications include: A Guide to Cambridge Economic Development Programs, a Cambridge marketing package developed jointly with the Chamber of Commerce, a map and guide to the City's permitting and licensing process, and a brochure/application for the Cambridge Business Loan Fund. Each of these publications has been widely distributed among brokers, bankers, developers, small businesses and trade organizations and is included in the appendix.

## **EMPLOYMENT**

### **Collaboration with Employment and Training Organizations**

The Division works to promote a diversified employment base by analyzing trends in the structure of employment and collaborating with organizations involved in employment and training to see that Cambridge residents are prepared for today's jobs. Staff serve on the Regional Employment Board, which established employment and training policy for the region. This year the REB oversaw the launching of a One-Stop Career Center in Alewife and a School to Work Program. Economic Development Division/CDD staff is chairing a committee to update the REB's Blueprint 2000, its policy document. Staff also serve on the Business Advisory Board of the Office of Workforce Development and collaborate with the Office of Workforce Development on the implementation of First Source Hiring Agreements. In response to the issues identified in the City's draft Economic Development Policy, a committee has been convened at the high school to insure that the curriculum review process will address the skills needed by graduates to qualify for jobs and training opportunities in a knowledge-based economy.

### **Manufacturing**

The Economic Development Division surveyed 132 Cambridge manufacturers to better understand the needs of this sector, which has the potential to offer mid-level jobs for people without a college degree. This sector includes a small core of traditional manufacturers, such as NECCO, who have been in Cambridge for many years, and a growing number of small scale technology-based manufacturing operations. While Cambridge's high land costs rule out large manufacturing build-outs, Cambridge is a viable choice for pilot manufacturing and small scale manufacturing. Examples of these types of operations include Genzyme Tissue Repair, which manufactures skin and cartilage, and Optikos, a product development firm in the optical industry, which does its pilot manufacturing in Cambridge. A number of firms surveyed indicated they were considering leaving Cambridge; Economic Development Division staff is meeting with these firms in order to determine ways the city can assist them in staying.

## **ACCESS TO CAPITAL**

### **Cambridge Business Loan Fund**

The Division launched a \$4 million loan fund in collaboration with the four banks headquartered in Cambridge. The fund is designed to close a gap in access to capital for small firms who may not have the level of collateral or capital investment required for conventional debt. It represents a significant effort in supporting small business growth. During the past year, the fund has been designed, underwriting standards established, loan documents prepared, and a brochure with a fold out application published and distributed to banks, business associations and other sources of clients. CDD staff will provide the intake point for loan applications and will do the underwriting. Staff project that 5-7 loans will be closed in the next fiscal year.

## **Business Financing Assistance**

Because many small firms do not understand what is required to obtain capital or feel confident deciding whether they need a loan, the Division offers individual assistance to firms seeking capital. Year to date, assistance includes helping 26 firms develop a capitalization strategy, helping 25 firms develop a business plan, and referring 21 firms to venture capital firms, banks, and quasi-public sources of capital. An example of a firm which has received assistance from the Economic Development Division is All Nationalities Hair Salon, which was helped develop financial statements, write a business plan and prepare a presentation to the Cambridge Savings Bank for a loan. The loan enabled the salon to move from a second story location to a storefront location, thus expanding enabling the business to attract walk-in customers.

## **REAL ESTATE Absorption Trends**

The Economic Development Division monitors absorption trends in the real estate market and uses this information to promote an understanding of the Cambridge real estate market and to market Cambridge to potential investors. The current commercial vacancy rate of 4.5% is the lowest recorded in the last 20 years. The current market has shortages of space in every size category. Because banks are not lending for speculative space, companies seeking large expansions must either build to suit (if they are financible) or choose a suburban location, where space is cheaper and more plentiful. Despite the shortages, net absorption was positive through 1996, meaning that more square feet of space was absorbed through expansion than was lost by companies needing to leave. Some of the expansions during the last year include Biogen's lease of additional space at Cambridge Center, Genzyme Tissue Repair's new manufacturing facility, Millenium Pharmaceutical's expansion at 640 Memorial Drive, TKT's planned expansion on Albany Street, and EF International's new headquarters at North Point. Relocations to Cambridge include Analog Device's manufacturing facility and Hybridon's headquarters.

The Economic Development Division works with appraisers, banks, insurance companies and other sources of real estate investment capital to help them understand trends in the Cambridge market, including 34 consultations year to date. It works with brokers and companies to locate space. This year the SiteFinder, which was prepared by Department staff has been replaced by a computerized data base licensed from RE/Locate, a Cambridge firm. Assistance finding sites larger than 2,000 square feet has been provided to 29 firms, year to date.

## **Commercial Districts**

### **Cambridge Street**

The Cambridge Street planning process, which grew out of a number of neighborhood studies, began with a community wide meeting in July of 1996 at which 140 area residents, businesses, property owners, and elected officials expressed their views to City staff from a variety of departments regarding the future of the street. Following this meeting the City Manager appointed a working committee of 38 residents and business people to advise in the development of an action plan for the Street. This committee has met every third week since September 1996. In addition, sub-committees were formed to consider issues and possible interventions in the areas of streetscape beautification, transportation, marketing and promotion, zoning, and housing. The sub-committee reports have been presented to the working committee for inclusion in its report and a community wide meeting is planned for April 16, at which time the community at large will be able to react to the committee's recommendations. Thus far, baseline studies have been conducted by the staff related to: land use, zoning, profile of the businesses, and a survey of residents. A facade improvement program has been developed and meetings have been held with 14 interested property owners. To extend the reach of the city's program, which assists commercial facades, the East Cambridge Savings Bank has designed a complementary program, which will make loans on favorable terms to property owners wanting to include residential rehabilitation in their projects. Reports of the working committee's goals and recommended actions have been prepared relating to streetscape, traffic and transportation, marketing and promotion, zoning and housing. This project is an excellent example of the interrelation between economic development activities and general community planning efforts.

### **Central Square**

The Community Development Department has coordinated the \$4.5 million revitalization of Central Square in conjunction with an advisory committee consisting of residents and business people. The Department continues to work with this advisory group to assess the ongoing management needs of the district and to evaluate the feasibility of forming a Business Improvement District to insure that the improvements are maintained.

In addition, the Economic Development Division continues to work with property owners to fill vacancies in real estate. Efforts have included working to find a new supermarket for the Purity Supreme site, working with the new owner of the Hennessey building, referring tenants to buildings with vacancies, reviewing preliminary proposals for the redevelopment of the property at the corner of Massachusetts Avenue and Prospect Street managed by RM Bradley and encouraging MIT to make a decision about the future use of the Bradford Café building. Six facade improvement projects have been completed and four more have been approved.

### **North Massachusetts Avenue**

At the request of the City Council, staff analyzed the development potential of six sites currently under automotive use, met with the North Cambridge Stabilization Committee regarding the potential of these sites and held a meeting with property owners to apprise them of their options and the ways the City could assist them if they choose to change use. Staff also worked with the residents of 1812 Massachusetts Avenue to find a commercial tenant compatible with the residential nature of the back of the building and provided suggestions of possible locations to the owners of the Elephant Walk Restaurant.

## **Development Districts**

### **University Park**

The Division oversees the development agreements between Forest City Development, MIT and the City. These agreements include commitments to construct roadways, improve utilities, develop affordable housing, create publicly accessible open space, adhere to design guidelines, and monitor and mitigate traffic impacts. Review of the plans for the current Phase II development involved 35 meetings with Division staff on design review, development impacts, traffic issues, utility and streetscape improvements. Staff also coordinated the review by other City departments, including Public Works, Water, Inspectional Services, Electrical, Commission for Persons with Disabilities and the License Commission. The Phase II development will create 500 permanent and 300 construction jobs. In addition, over \$500,000 of border street public improvements were completed on portions of Brookline Street and Pacific Street. Work to be completed by the City on Landsdowne Street and Green Street is under review by Division staff. Since January 1, 1997 staff has had 23 meetings with the developer and other City staff to coordinate construction efforts.

### **Cambridgeport**

The Cambridgeport mixed use district is one of the City's most important centers for emerging technology companies. Assistance was provided to Vertex Pharmaceuticals, TKT, Alkermes, and Hybridon to enable them to expand in the district. Staff have been working with California Products, a paint manufacturer to determine ways to change the layout of its facility and enable the company to operate their loading facilities within the proposed changes to the Cambridgeport roadway system. Several development consultations were held with owners, brokers and developers regarding the potential reuse of the Atlantic Paper Box building and former Rowenta Building.

### **Infrastructure Related to Development Districts**

The close proximity of residential and commercial districts requires that roadways be designed to transport businesses' uses efficiently, while routing traffic away from dense residential areas. For this reason, the division has been involved in the redesign of the Cambridgeport roadways and has coordinated the CDD efforts to redesign Lafayette Square. The Lafayette Square/Massachusetts Avenue reconstruction project has undergone many revisions and reviews since the project contract was executed in 1993. Following the

25% design hearing for the project, a series of 53 CDD staff, inter-departmental and community meetings were held to discuss pedestrian and bicycle safety, traffic circulation, urban design objectives and parking. In March 1996, a public meeting was held to specifically discuss the plaza landscape design and proposed piece of public artwork. Since this meeting, a new landscape architect has joined the team to bring a new perspective to the design and address the many concerns and desires raised during the review process. A new landscape design was presented to the community through a series of small group meetings. The Division staff continues to work with its consultants and the community to address the issues and comments raised during the review process.

**PERMITTING AND LICENSING**

In response to a FY96 study of the City's permitting and licensing process by the Economic Development Division/CDD, the City Manager appointed a working committee of all departments with roles in the licensing process to review the need/legal requirements, process and procedures, information and materials, and interdepartmental issues involved in permitting and licensing. Staffed by the Division and led by Deputy City Manager Richard Rossi, the committee has been meeting since July 1996 to make recommendations on improving the functioning of the system. Staff has produced a summary of all permits and licenses and the procedures for obtaining them, which will eventually form the basis of a comprehensive users manual. Staff has also produced a map and guide to the permitting and licensing process, which has been widely distributed, and has prepared a request for proposals to develop coordinated signage on municipal buildings. Cross training between departments regarding their regulatory roles and responsibilities has also been initiated. A development log is now produced monthly and is distributed to all departments with a role in the development process to apprise them of upcoming projects. In addition, a large project review session, which includes the Department of Public Works, Water Department, Electrical Department, Inspectional Services Department, and the Historic Commission has been scheduled so that all departments involved can coordinate responses to development proposals.

**II. SURVEY OF SMALL CITY ECONOMIC DEVELOPMENT PROGRAMS**

**CAMBRIDGE, MA**

<b>Community Profile:</b>	<b>Economic Development Staff:</b>
Unemployment Rate: 1.9%	5 Professional FTE
Commercial Vacancy Rate: 4.5%	.1 Shared Administrative FTE
Population: 95,800	<b>Economic Development Organization:</b>
Total Land Area: 6.5 Square Miles	Located in Community Development Department, which also has divisions of community planning, housing, environment and transportation, and administration.

Activities described in detail in this memo.

**LOWELL, MA**

<b>Community Profile:</b>	<b>Economic Development Staff:</b>
Unemployment Rate: 5.5%	4 Professional FTE
Commercial Vacancy Rate: Over 40%	.5 Administrative FTE
Population: 105,000	<b>Economic Development Organization:</b>
Total Land Area: 14.5 square miles	Division of the Planning and Development Department

Lowell has federal designation and funding as an Enterprise Community. Staff work with the University of Massachusetts at Lowell to develop an entrepreneurial climate and market the City. They are involved in the planning for an arena/stadium which is under construction. Staff maintain a real estate referral service and market Lowell's substantial vacant space and low rents to growing firms from other communities, including Cambridge. They hope to develop a business assistance center and are considering an additional staff person to manage downtown development.

### NEWTON, MA

<b>Community Profile:</b>	<b>Economic Development Staff:</b>
Unemployment Rate: 4%	3 Professional FTE
Commercial Vacancy Rate: N/A but very low	Shared Administrative Staff with CDD
Population: 83,100	<b>Economic Development Organization:</b> Located in Planning and Development Department, which has four divisions: Current Planning, Economic Development, Housing Development, and Community Development
Total Land Area: 18 square miles	

Activities include assistance with business permits, assistance finding locations, micro-loans and referrals to financing, and providing demographic and other statistical information.

### SOMERVILLE, MA

<b>Community Profile:</b>	<b>Economic Development Staff:</b>
Unemployment Rate: 3.4%	3.5 Professional FTE
Commercial Vacancy Rate: 8.9%	3 shared administrative with OHCD
Population: 76,200	<b>Economic Development Organization:</b>
Total Land Area: 4.2 square miles; approximately 50 acres of undeveloped land	Economic Development division located in Office of Housing and Community Development, which has three additional divisions: housing, planning and open space, commercial and transportation.

Somerville has a very active citywide facade improvement program in neighborhood commercial districts and a CDBG small business loan fund. They purchased the Boynton Yards with a HUD 108 loan and completed substantial site preparation and infrastructure work; currently they are trying to lease the space. To do this, they direct marketing to neighboring communities, notably Cambridge.

### WORCESTER, MA

<b>Community Profile:</b>	<b>Economic Development Staff:</b>
Unemployment Rate: 3.8%	15 Professional FTE (Includes total staff in the three offices described below.) Multiple administrative staff, some dedicated, others shared
Commercial Vacancy Rate: NA, but central business district 19.7%	<b>Economic Development Organization:</b> Economic Development Officer and Deputy Economic Development Officer oversee Office of Planning and Worcester Redevelopment Authority.
Population: 169,000	
Total Land Area: 37 square miles	

Office of Planning: Small business assistance, micro-loan program, state ETA program, Section 108 loan program, involved in relocating businesses impacted by reconstruction of Mass Pike Interchange and in planning the new interchange, recruit businesses for Worcester Airport Industrial Park. Worcester Redevelopment Authority: active in planning for 24 acre hospital and medical office building project to be built on land taken by the WRA by eminent domain and sold to a developer and rehabilitation of Union Station, an 86,000 square foot train station, bought by the WRA out of bankruptcy.

**BERKELEY, CA**

<b>Community Profile:</b>	<b>Economic Development Staff:</b>
Unemployment Rate: 5%	6 Professional FTE
Commercial Vacancy Rate: Downtown Retail: 5% Downtown Office: 10%; Industrial: 10+%	1.5 Administrative FTE
Population: 104,000	1 Professional FTE Arts Coordinator to be added!
<b>Organizational Structure:</b>	
Total Land Area: 10 square miles	Economic development office founded in 1985, originally in City Manager's Office, moved to CD Department (CDBG program and affordable housing), just moved to new planning and development department, which will consist of codes, zoning, area planning, economic development and the arts.

Programs include managing three small business loan pools, facade improvements grants, site searches, permit ombudsperson, business retention surveys, Main Streets, and working with businesses that want to expand in or move to Berkeley. They don't do much marketing because they are a popular location with lots of entrepreneurial growth. Berkeley has a very small redevelopment agency, which is about to expire and may not be renewed, as it controls very little land. Adult job training is currently in human services but may be moved back to economic development.

**PALO ALTO**

<b>Community Profile:</b>	<b>Economic Development Staff:</b>
Unemployment Rate: <1%	2 Professional FTE
Commercial Vacancy Rate: 0%	.5 Administrative FTE
Population: 75,000	<b>Economic Development Organization:</b>
Total Land Area: 16 square miles	Office located in City Manager's Office

The Stanford Research Park is the major development district for R&D, pharmaceuticals, software and Internet firms. The city has three retail districts. Palo Alto does not market because its economy generates its own growth, but it does work with specific firms meeting their goals who express an interest in coming to Palo Alto. The office works mainly to assist local firms seeking to expand who need to locate real estate or need assistance with permitting and licensing.

**EVANSTON, IL.**

<b>Community Profile:</b>	<b>Economic Development Staff:</b>
Unemployment Rate: 4.5%	2 Professional FTE, including .5 Assistant City Manager and .5 Planning director
Commercial Vacancy Rate: 4%	1 Administrative FTE
Population: 73,000	<b>Economic Development Organization:</b>
Total Land Area: 8 square miles	Located in Planning Division of Community Development Department. Community Development Department consists of Zoning, Planning, Building, and Housing Rehab.
	Also fund positions in two non-profit economic development organizations: .5 staff in downtown commercial district and 2 staff in an incubator in a collaborative research park with Northwestern University. The research park also maintains a small business loan fund and a venture capital fund.

Tax revenue is a very big issue in this community, where commercial property taxes are substantially higher than those of surrounding communities. Activities include redeveloping a 24 story downtown office building as housing and referring growing firms to the research park. Like most college towns with entrepreneurial economies, Evanston does not focus on marketing to try to attract firms from outside the area, but uses its resources to help grow the local economy. They are considering helping retailers in their downtown put together a promotional campaign to encourage residents to shop downtown.

**MADISON, WIS.**

<b>Community Profile:</b>	<b>Economic Development Staff:</b>
Unemployment Rate: 1.5%	1 Professional FTE
Commercial Vacancy Rate: 8%	1 Administrative FTE
Population: 200,000	<b>Economic Development Organization:</b>
Total Land Area: 62 square miles	Economic Development is located in the Planning Department, which consists of four divisions: housing, inspection, planning and economic development.

Major activities include helping local firms that are growing locate real estate and obtain the necessary permits and licenses for build out. The City has recently purchased 160 acres of industrial land and is in the process of purchasing 265 additional acres of industrial land, because they are concerned that high real estate prices will drive out manufacturing, especially the high tech manufacturing they are trying to encourage. This real estate will be developed as two industrial parks to be managed by the City or an entity the City sets up to develop and manage the real estate.

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**III. COMPARISON OF ADVANTAGES AND DISADVANTAGES OF DIFFERENT TYPES OF ORGANIZATION**

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**OVERVIEW**

Staff interviewed eight other cities to understand the ways economic development is organized in each. The cities in the metro area were selected because they are similar to Cambridge in size and many of them share a City Manager form of governance. The cities outside the metro area were selected because they are college communities of small to moderate size that have a significant market niche in commercialization of technologies developed at academic research centers, and thus have many similarities to Cambridge. Each economic development office surveyed had a somewhat different focus, organizational structure, and level of resource, reflecting differences in community preferences and economies. Only one of them, Palo Alto, located its economic development office in the City Manager's office, believing that this location would lend stature to a small office with 2 staff and would give them influence in dealing with other city departments. In Cambridge, the City Manager's has convened an Economic Development Cabinet, which consists of the Deputy City Manager, the Assistant City Manager for Community Development, the Assistant City Manager for Finance and the Economic Development Director to coordinate policy decisions related to economic development. This comparison of programs across communities is organized around two areas which appear to be key in decision making: organizational focus and resources.

**ORGANIZATIONAL FOCUS**

Economic development offices have a variety of mandates, all of which provide public benefit through the creation of jobs and tax revenues and the production of goods and services. However, activities can be conceptualized as having two broad focuses: those that relate directly to a private sector client, such as site assistance, business development assistance, ombudsperson services obtaining municipal permits; and those activities with a more public character, such as planning for the revitalization of commercial and industrial districts, improving infrastructure, and working to improve the employment and training system. Organizations which focus mainly on providing services to private clients can most easily be carved out as

a separate office, apart from planning/community development departments. Those departments which include a major public focus are most easily integrated into community development/planning departments.

In Cambridge, the Economic Development Division integrates both private focus activities and public focus activities, because promoting a high quality of life is at the core of its economic development efforts. Communities which split this focus tend to take a more aggressive approach to real estate development and are frequently communities in economic distress and/or which have a great deal of vacant real estate, where the impacts of development are felt less by the residential community and eliminating blight may be of concern. In Cambridge, where balanced development is a priority, the integration of economic development functions into the Community Development Department improves coordination with zoning and land use planning, urban design, traffic and infrastructure development. For example, the implementation of the development agreements between the City, Forest City Development, and MIT requires integration with urban design, traffic, infrastructure, and zoning concerns. The ability to balance all the concerns is enhanced by having all the disciplines under one roof.

### **RESOURCES**

One reason that many smaller communities incorporate economic development organizations into their planning/community development department is that it enables them to maximize resources. Graphic design services, development of maps, and access to zoning, neighborhood planning and urban design staff is most efficiently facilitated under one umbrella. For example, the Cambridge Street planning process, although led by the Economic Development Division, has relied on expertise from the community planning, zoning, urban design, environment and transportation, and housing staffs.

Larger communities, where more than one organization may have these resources in house, are more likely to have a separate economic development office. In addition, communities that own or control significant amounts of land often center their economic development programs around these redevelopment efforts. The redevelopment of publicly owned land is often handled by a redevelopment authority or an economic development and industrial corporation, public authorities that can act more independently than a municipal agency. For example, in Cambridge, the Cambridge Redevelopment Authority is responsible for the redevelopment of the Kendall Square area.

### **CONCLUSION**

The structure of the City's economic development effort must reflect the overall economic development policy direction. In Cambridge, the business and residential communities are intertwined, because of both historic land use patterns and their common interest in quality of life issues. Although Cambridge's dense pattern of development sometimes leads to conflicts between the residential and business communities, these generally are limited to the type, size, use and impacts of proposed new real estate development. The City's choice, through the adoption of its Growth Policy, of "sustainable", well planned growth establishes the framework for making these decisions. These conflicts, when they occur, are best mediated in an organizational structure where the City's economic development goals are integrated with its land use planning goals. In conclusion, the placement of the economic development function in the Community Development Department is the structure best suited to Cambridge's residents and businesses. The recommendations laid out in the Economic Development Policy will continue to expand and strengthen Cambridge's Economic Development effort.

## **APPENDIX**

### **MARKETING MATERIALS**

- Guide to Cambridge Economic Development Programs
- Cambridge Loan Fund (brochure)
- Guide to City Offices and Permitting
- Marketing Package Distribution Package Form
- FastTrac II Marketing Flyer

### **CAMBRIDGE WOMEN'S BUSINESS DIRECTORY (MOCK UP)**

### **CAMBRIDGE BUSINESS LOAN FUND**

- Outline of Process
- Proposal for Fund
- Participation and Servicing Agreement
- Kick off Breakfast Invitation
- Loan Administrator Duties

### **SAMPLE MICROENTERPRISE BUSINESS PLAN**

### **CAMBRIDGE STREET REVITALIZATION PROJECT**

- Outline of the Process
- Flyer for April 16 Community-wide Visioning
- Draft Advisory Committee Reports, 3/28/07
  - Housing
  - Zoning
  - Marketing and Promotion
  - Transportation
  - Streetscape Beautification
- Facade Improvement Grant Program Guidelines
- Facade Improvement Program Loan Fund (East Cambridge Savings Bank)
- Cambridge Street Advisory Committee Minutes of Meetings
- Cambridge Street Parking Survey
- Cambridge Street Market Data
- Cambridge Street Resident Survey Highlights
- Cambridge Street Business Survey
- The Future of Cambridge Street: Report of Community-wide Visioning Meeting

### **STREAMLINING THE PERMITTING AND LICENSING PROCESS**

- Permit Streamlining Survey Data
- Minutes of Meetings of Interdepartmental Committee
- Guide to Permits by Type of Potential User
- Duties and Responsibilities of City Departments
- Exploratory Research Project, December 1995
- CUED Article on One Stop Permitting
- Procedures, Permits and Licenses for Starting a Business in Cambridge
- CDD Development Log, March 6, 1997 and April 2, 1997
- Report on Signage in Municipal Buildings: Through the Eyes of First Timers

### **CITY OF CAMBRIDGE MARKETING PACKAGAE**

# BOSTON 2000

Implementing the Boston 2000 Plan

## corridor-wide forum

**Thursday, April 17, 1997**  
**One South Station,**  
**5th Floor**  
**6-8 PM**

### Update and Preview of Recommendations

- COSTS Sources of Funding
- MANAGEMENT Structure and Responsibilities
- LAND USE AND URBAN DESIGN Scenarios Considered

### Learn

- TASK FORCE REPORTS
- COMMUNITY OBSERVATIONS

### Dialogue

**Move Massachusetts 2000**  
**Artery Business Committee**  
**City of Boston**  
**Commonwealth of Massachusetts**

The Boston 2000 Plan established the vision, land uses and guidelines for the land to be made available by the depression of the Central Artery. This plan was adopted in 1991 after a collaborative process involving business people working with City and State representatives.

The Boston 2000 Working Group, convened as a partnership among community individuals and organizations, city and state agencies, is working to develop an action plan for implementing the Boston 2000 Plan.

For information please call  
Rebecca Barnes, Boston 2000  
Project Manager at  
**617-371-4459**

*Handicapped accessible*



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EXECUTIVE DEPARTMENT  
ROBERT W. HEALY  
City Manager

RICHARD C. ROSSI  
Deputy City Manager

April 14, 1997

To The Honorable, The City Council:

In response to Awaiting Report Item Number 19, regarding issues relating to the structuring of the economic development functions, please find attached a report submitted by Susan Schlesinger, Assistant City Manager for Community Development.

Very truly yours,

Robert W. Healy  
City Manager

RWH/dls  
attachment



CITY OF CAMBRIDGE  
CAMBRIDGE, MASSACHUSETTS 02139

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3.

EXECUTIVE DEPARTMENT  
ROBERT W. HEALY  
City Manager

RICHARD C. ROSSI  
Deputy City Manager

May 5, 1997

To The Honorable, The City Council:

With respect to the City Council's request for my opinion (Awaiting Report Item No. 24), relative to the Memorandum from Susan Schlesinger regarding the organization structure of the Economic Development function in the City of Cambridge, please be advised as follows:

I participated significantly to the content, writing and conclusions of this document and fully concur with the memorandum.

Very truly yours,

Robert W. Healy  
City Manager

RWH/mec

Relative to Awaiting Report, Item  
Number Twenty-four, regarding the  
organization structure of the  
Economic Development function.

In City Council May 5, 1997

Referred to  
Economic Development,  
Training and  
Employment Committee  
meeting on motion  
of Councillor  
Sullivan