

COUNCILLOR MYERS **City of Cambridge**

WHEREAS: Efforts in the Economic Development Training & Employment Committee and the Human Services and Youth Committee over the past four years have helped to reshape employment and training efforts in the city; and

WHEREAS: Concrete results have been achieved in this important area of employment and training for Cambridge residents through the formation of the city Youth Employment Office and the adoption of the City Workforce Development Policy; and

WHEREAS: These efforts have been fostered through the leadership of Councillor Myers and have been done in collaboration with many parties including Jill Herold, Assistant City Manager for Human Services; Saphira Baker of the Citywide Youth Employment Office; and many others; and

WHEREAS: Employment and training policy in the city has now emerged to the point that the City of Cambridge can become a leader in the country in how local governments develop programs and services for their residents; and

WHEREAS: Current initiatives on the national level support and affirm the efforts that the City of Cambridge maintained over the last four years; and

WHEREAS: Services in the area of employment and training are of the highest priority to the city's residents and businesses; now therefore be it

RESOLVED: That the Economic Development Training & Employment Committee state as a priority the continuance and acceleration of policy in the area of workforce development and indicate its desired route for the implementation of said policy to be a task force comprised of a diverse group of elected officials, administrators, program people, representatives from the school community, labor organizations, and post-secondary educational institutions, as is outlined in national and state funding sources; and be it further

RESOLVED: That Councillor Myers be requested to put together such a working group within the next several weeks and to report back to the Chair and members of Economic Development Training and Employment Committee with an outline of the membership and scope of work within a three week period; and be it further

RESOLVED: That the City Manager be consulted to ensure the appropriateness of the appointments.

Adopted in committee by an affirmative vote of four members.

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The Economic Development, Training and Employment Committee held a public meeting on Wednesday, March 23, 1994 beginning at 7 p.m. in the Ackerman Room for the purpose of receiving a status report on the Cambridge economy and the Community Development Department's economic development programs. Present at the meeting were Councillor William H. Walsh, Chair of the Committee; Councillor Francis H. Duehay; Councillor Jonathan S. Myers; Councillor Kathleen L. Born; Mayor Kenneth E. Reeves; D. Margaret Drury, City Clerk; Michael Rosenberg, Assistant City Manager for Community Development; and Jill Herold, Assistant City Manager for Human Services.

Councillor Walsh convened the meeting and explained the purpose. He invited Michael Rosenberg to make a presentation.

Mr. Rosenberg said that this will be a broad overview of the economic issues facing Cambridge, with a focus on the activities that the Community Development Department has been spending its time on. He introduced Jean Strain, Director of Economic Development. He also introduced two staff members of the Economic Development Division, Catherine Woodbury and Ellen Prine. Mr. Rosenberg then turned the meeting over to Jean Strain.

Mayor Reeves explained that he had to leave to attend a School Department budget hearing. He said that Community Development is moving in the right directions. Mayor Reeves also noted that two of Cambridge's major corporations, Stride Rite and Polaroid are considering leaving.

Jean Strain started her presentation, which was accompanied by slides, with the question how does Cambridge sustain business and how does business sustain Cambridge?

Ms. Strain said that today 55% of Cambridge residents are in technical/management jobs, with only 11% in skilled trade jobs. She added that 54% have bachelors degrees, but 15% have less than a high school degree. The unemployment rate has averaged 4.6% over the last four quarters, and was consistently 2% lower than the statewide average during the recession.

Councillor Duehay asked how confident Ms. Strain is of the Cambridge data on unemployment. Ms. Strain said that the Cambridge data is as good as the usual, but there are big problems with the methodology of calculating unemployment.

Ms. Strain noted that 27% of total employment in the City is by the institutions - Harvard, MIT, other academic and medical institutions, and the City. None of these employees are expected to be growth industries. MIT is undertaking a planning process to reduce its labor force by some 400 jobs.

Ms. Strain added that the largest employers after the institutions, Polaroid, BBN, Lotus and Badger have all downsized. She said that Cambridge lost 2,600 jobs net from 1990 to 1992, a 2% loss in jobs. Most jobs loss has been in the high tech and defense sectors.

Ms. Strain said that the emerging technology sectors represent the best potential for the modest growth Cambridge needs. In addition, Cambridge must take advantage of the opportunities offered by tourism. She added that historically Cambridge has had a cyclical pattern of development. She also said that Cambridge did 300,000 square feet of expansion in biotech in 1993, a year which was overall a very bad year for the biotech industry, which is an indication of the strength of the biotech sector in Cambridge.

Ms. Strain said that Central Square has also been a major focus of CDD economic development work. There is still work to be done in Central Square, but the trend is in the right direction.

Ms. Strain then presented the real estate vacancy rates, which are an 11.4% rate for commercial property and an 18% rate for industrial. She said the issues of cost and availability of land and parking will be defining issues for businesses making location decisions. There is a great deal of competition from Boston and the suburbs.

Then, Ms. Strain moved to the issue of how much growth does Cambridge want and need. To maintain present services with no increase in state aid, we would need 500,000 square feet of new space each year with a 2 1/2% tax increase each year. Without a 2 1/2% tax increase, Cambridge would need an additional 1.7 million square feet of new development each year to maintain its present services.

Ms. Strain summarized the biggest challenges that Cambridge faces:

- Disparity of job opportunities;

- Need to coordinate job training with economic growth;

- Need to preserve low cost start up space, enabling companies to stay in Cambridge as they grow; and

- Integration of civic and business cultures.

Ms. Strain then moved to the activities of the Economic Development Division of Community Development Department. She said that CDD's activities in support of the biotechnology area can provide a model for how to support developing industries. The strategy is to first identify the industries and constraints to their growth, and then to develop programs to assist them.

There are two possible approaches by municipalities: One is to grow businesses at home. Another is to try to attract them. This is more expensive.

Ms. Strain added that minorities and women's business development also belong on the table. The Community Development Department has done a great deal of work in identifying women-owned businesses in the past year. They have identified 400 women-owned businesses and have surveyed them. After the survey is tabulated, CDD will work to assist them with programs to meet needs that have been identified.

Ms. Strain also outlined the CDD work related to preparing the workforce. This includes the workforce development unit, the school-to-work transition programming, training adults for technical careers and adult basic education. She noted that there is a nationwide problem with providing remedial training for people whose English and math skills are too low for them to qualify for existing training programs.

Ms. Strain then outlined CDD strategies relating to growing companies in Cambridge. She noted support for the Cambridge Business Development Center, Cambridge Site Finder, which assists in finding development sites and assistance with permitting and marketing Cambridge.

Regarding commercial and neighborhood development, Ms. Strain said that most work has focused on Central Square. As that settles in, she believes that Cambridge Street and Broadway should get some attention. Among the activities in Central Square, CDD is working with a group of restaurants to assist them in the licensing program to have sidewalk tables. They are also assisting with streetscape improvements.

Ms. Strain then discussed the CDD's strategy relating to industrial districts. The major districts for work are Cambridgeport, University Park, Alewife and Northpoint.

Councillor Duehay asked whether there is a computer display of what buildings and uses exist in each area. Mr. Rosenberg said that the GIS system currently being developed will provide this kind of information.

Jean Strain then described the current grant applications for the federal enterprise community program and state economic target area and state economic opportunity areas.

She also said that Cambridge needs to increase its activity in the area of business finance. Since Cambridge has small start up firms, they are not always a good match for bank financing.

Councillor Duehay stated that there is another sector in Cambridge, the non-profit sector. He added that across departments, data is often lacking, often because of the way the state and federal government do their counts, but also because of data collection issues across city departments. Councillor Duehay also said that the City should have GIS information as soon as possible.

John Altobello, 78 Reservoir Street, said that GIS is a remarkable tool.

Councillor Myers said that Ms. Strain's report contained a great wealth of information. This makes streamlining and developing priorities very important activities. Councillor Myers said that the area adjoining University Park, the Vassar Street area, stands out as a area that needs some rethinking and beautifying efforts.

Councillor Duehay said the most important economic development and environmental issues concern what decisions are made at the state level with regard to the Clean Air Act. If the new state submission continues the Cambridge parking freeze without freezing parking in suburban areas, Cambridge will be at a terrible competitive disadvantage. If the state treats all communities equally and levels the field, then Cambridge will benefit because Cambridge has excellent public transportation. He noted that Gerry Hathorn of Polaroid has a very impressive slide show on the Clean Air Act. Councillor Duehay said that Cambridge's state legislators are not really familiar with this issue, and he suspects that many businesses are not aware of this issue either. Councillor Duehay emphasized the importance of this issue.

Robert Boulrice, 20 Soden Street, said that he is concerned about the statistics Ms. Strain presented about the new square footage that would be required, given the current tax situation. He asked how the calculation was done. Ms. Strain said she worked with City Treasurer James Maloney. Mr. Boulrice also asked whether it is better for CDD to devote its staff to recruiting and maintaining large business and to contract out business development efforts for small businesses.

Michael Rosenberg said that there is a resource question, and although CDD can't do all, it is a balancing effort because it is important to do both. Jean Strain added that it is only partly a question of staff resources. It also has to do with other places offering tax breaks and incentives on a level that Cambridge has never entertained.

Councillor Duehay said there has to be City Council and City Manager discussions when companies of the magnitude of Polaroid and Stride Rite are thinking of leaving. Polaroid has been a wonderful Cambridge employer. There have to be visits to the CEO on a regular basis by the City Manager and the Mayor. Councillor Duehay said that it would be useful to spend a committee meeting on the issue of how much growth we need to have to maintain our services. He noted that Cambridge citizens are used to a very high level of services. Cambridge has lost \$12 million in state aid over the past years.

Bob Miller, Cambridge Resource Group, stated that he worked as marketing person for 15 years. If you want to keep companies here, you have to have them involved in local politics. Cambridge needs better information systems; the City needs a GIS system and should have one.

Jean Bert Rissoult, 432 Columbia Street, spoke of the needs of the Haitian community, as an example of the needs of the immigrant communities, for assistance with small business opportunities. He noted the problem of immigrant residents who cannot work because they are not here legally.

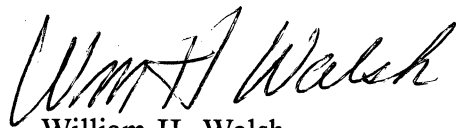
Councillor Walsh said that he thinks the biggest issues right now are Polaroid and Stride Rite. Councillor Duehay suggested that Councillor Walsh find out from the Manager and Mayor whether meetings have been arranged.

Michael Rosenberg noted that this does raise the policy issue of what the City is willing to do to keep major businesses. Councillor Duehay suggested that CDD lay out the policy issues for consideration. Councillor Born said that to have the policy issues laid out for public consideration makes it much more understandable to the public if incentives are used.

Councillor Myers introduced an order to the Committee in which Councillor Myers is requested to put together a working group on the area of workforce development (Order Attached). Councillor Duehay stated that he supports the motion. Councillor Born also spoke in support of the order. Councillor Duehay noted that Northeastern is the premiere training university and suggested attempting to utilize their expertise. The motion carried without objection.

The meeting was adjourned at 8:45 p.m.

For the Committee,

A handwritten signature in black ink, appearing to read "Wm H. Walsh".

William H. Walsh,
Chair

Committee Report #1

§134

A communication was received from
D. Margaret Drury, City Clerk, transmitting
a report from Councillor Walsh, Chair of the
Economic Development, Training and Employment
Committee for a public meeting
held on March 23, 1994 for the purpose
of receiving a status report on the Cambridge
economy and the Community Development Dept's
economic programs.

In City Council April 11, 1994

Report accepted

Placed on file