

City of Cambridge

The Economic Development Training and Employment Committee held a public meeting on June 4, 1997, beginning at 8:00 a.m. in the Sullivan Chamber for the purpose of discussion of the business climate in Cambridge.

Present at the hearing were Councillor Anthony D. Galluccio, Chair of the Committee, Vice Mayor Kathleen L. Born, Councillor Henrietta Davis, Councillor Michael A. Sullivan, and City Clerk D. Margaret Drury. Also present were Robert W. Healy, City Manager; Richard Rossi, Deputy City Manager; Susan Schlesinger, Assistant City Manager for Community Development; Jeanne Strain, Director of Economic Development, Community Development Department; and Jack Mills, Director of the Office of Workforce Development.

Councillor Galluccio convened the hearing and explained the purpose. Ms. Schlesinger presented a brief overview of the business climate. She said that the main point is that quality of life is extremely important to the business community as well as the residential community. Ms. Schlesinger distributed a document entitled "Economic Development Policy Paper Business Climate Handout" (Attachment A). Ms. Schlesinger said that the City Manager and his staff have been meeting with the "top 20" CEOs over the past two years. They have heard consistently about the importance to them and their employees of the physical appearance of the city, amenities such as good restaurants within walking distance, and transportation.

Ms. Schlesinger noted that the taxes and infrastructure are very important to the business climate. She gave the example of the Cambridgeport roadways project and the long term urban ring.

Ms. Schlesinger then moved to the importance to business community of streamlining permits. The city has been working on this issue for over a year. They started with focus groups with the Chamber of Commerce. Mr. Rossi has chaired an interdepartmental committee to look at the entire permitting process. The committee is working on interdepartmental training so that departments understand the whole process for particular permits, not just the pieces their own departments handle.

Councillor Sullivan noted the usefulness of computerization of permits and gave the example of the curb cut process, which is now online, which means applicants can find out exactly whose their application is in the process.

Councillor Galluccio stated that he would like to go through the goals set out in the proposed policy in a little more depth, particularly with respect to the permitting streamlining efforts. He moved to the goal of partnerships. Councillor Galluccio noted that lots of contacts go on that the City Council does not know about because of the Plan E form of government, in which the City Manager handles the details.

Councillor Sullivan noted that the Economic Policy document lists the low vacancy rate as a good thing, whereas recently several newspaper articles have expressed the problems for the Boston area of the very low vacancy rate.

Ms. Schlesinger said that the vacancy rate is very low; a low rate does demonstrate that there is not business flight from Cambridge. She added that Councillor Sullivan's comments point out the other side of the real estate cycle and the importance of having a policy regarding how much growth the city wants.

Mr. Healy stated that the City tries to be available to CEO's and to highlight its willingness to assist, but the city cannot twist arms. Mr. Healy stated that he tries to get the City Council involved as soon as possible when there are big issues, such as Polaroid, often with informal update meetings, in which he encourages businesses to meet with members of the City Council.

Councillor Galluccio stated that it is his feeling that the starting point of this document is that we not take the vacancy rate as a barometer. The city must acknowledge the importance to businesses of the tax rate and the concern that there will be added costs to business development on account of Cambridge's active citizenry.

Councillor Galluccio went on to ask what the plan is for communicating with and reaching out to businesses.

Mr. Healy stated that he has been talking the top 20 business and having meetings with the CEOs of those companies and himself, Richard Rossi, James Malony and Susan Schlesinger. Mr. Healy said that Cambridge is a "brain-based" business community. The market dictates this and many other features of who is here. Cambridge is an attraction. But the downside of the good quality of life in Cambridge is that you have to pay for it. Cambridge taxes are higher. The cost of land is higher.

Ms. Schlesinger said that Ms. Strain's staff has done a survey of all the manufacturers in the city. They are trying to understand the issues and to be proactive to help existing manufacturers to stay here. The consistent business contacts on the staff level are very important.

Councillor Galluccio noted that there is only so much that we can do to keep manufacturing in Cambridge. He said that it is very important to keep companies tied in to the community. A key thing is communication. Councillor Galluccio added that the administration is in a tough spot because of the political issues. For example, if there are a lot of unhappy neighbors, a plan that Mr. Healy worked on with a particular CEO might not get the City Council approval it needs so it can be difficult for the City Manager to decide whether to reach out to Polaroid before the Council has weighed in on the neighborhood concerns.

Mr. Healy said that the city does do this and has to do this. Privately held companies do not want their business discussed in the newspaper. The city administration can work behind the scenes in a way that would be difficult or inappropriate for elected officials.

Mr. Rossi said that city administration is very involved with the business community, through processes like Central Square, through referrals from Community Development Department, etc.

Councillor Galluccio said that 3M corporation is staying in Cambridge just on the basis of helpful meetings with city administration.

Mr. Healy stated that he has a meeting this afternoon with a biotech business regarding its needs and how these needs fits in with existing zoning.

Councillor Davis said that one thing missing from this consideration of the business climate is a discussion of the intersection between the resident community and the business community. It can be very unpredictable. She stated that it is worth spending some time considering how to facilitate the relationships to make this smoother. Cambridge Street is a good example. Business and neighbors are working well together on that process.

Ms. Schlesinger agreed that this is an important issue.

Councillor Sullivan said that "klieg-light" politics looks good on Monday nights but has a downside. Polaroid is a good example. There is a need for leadership on the part of elected officials.

Councillor Davis noted that the issues of traffic and transportation come up with every project. It would be worth having a check list on traffic issues.

Ms. Schlesinger said that Community Development Department and the Traffic, Parking and Transportation Department do study the impacts in all large developments, for example Polaroid.

Councillor Davis said that the question is what is the process.

Ms. Schlesinger said this is not a process question. There must be some agreement as to underlying policies and standards. From the business point of view, it is not fair to add more process with out clear standards. Ms. Schlesinger noted the geographic issue. Cambridge is accessible from the west. Traffic will come to Cambridge from the west.

Mr. Rossi said that the more the streets are cleared of Cambridge business traffic, the more commuter traffic from the west Cambridge will face.

Mr. Healy said that the city requires transportation mitigation plans but it is not a veto power.

Councillor Galluccio said that it is important to have a plan for review and notice to the community that this review does take place.

Mr. Healy noted storage of flammable licensing and curb cut applications as two examples of distortion of processes with specific goals to expand the City Council's and City officials' power to allow stoppage of projects to which there are objections with very little relation to the actual curb cut or flammable storage issues.

Councillor Sullivan said that there has to be some level of development "as of right;" otherwise all is susceptible to "shakedown."

Ms. Strain said that in interviews with large businesses, all said there is benefit to community discussion, but all said that the process is way out of control. The costs of public process for business can make the project infeasible.

Ms. Schlesinger agreed that the cost of public process can be very expensive for businesses. She gave the example of Two Canal Park.

Councillor Davis said that the goal is to have every project as good as it can be for all parties.

Councillor Galluccio then invited public comment.

Janice Bourque, Executive Director, Massachusetts Biotechnology Council, stated that the goals as set out in the proposed Economic Development Policy are quite parallel to what the industry has been doing. With regard to the issue of space, it is very important to concentrate on more space, especially incubator space for small start up companies, 1000-2000 square feet. Larger space is available, but this size, especially in built-out space, is not available. She stated that she cannot stress enough the importance of this to start-up biotech companies.

Ms. Bourque stressed the importance of having clear end points to the regulatory process.

Ms. Bourque stated that the goal of working to deal with the impacts of reduced federal funding for Massachusetts Institute Technology and other universities is very important to this industry. Biotech companies are the end-product of that pipeline.

Biotech companies do not want to be out on Route 128; they are pushed there by lack of space and cost of space. Visibility is here; the Massachusetts Biotechnology Council is here; there is proximity to support services.

The industry is very interested in looking at the issue of employment opportunities for Cambridge residents. Now that there are biotech products on the market and thus manufacturing, there are opportunities. High School students need one- or two-years of post-secondary education for these jobs. She noted that the Biotech Council supported, with grant money and equipment, the development of biotech courses at Cambridge Rindge and Latin School. The Council gave out \$50,000 scholarships to public school high school students in cities and towns with biotech companies. Part of the scholarship involves summer internships at biotech companies. OSHA requirements mean that kids have to be eighteen to work in labs.

Regarding transportation, Ms. Bourque parking is important, but so also are other transportation alternatives. There is particular interest in the urban ring project. Ms. Bourque said that there are about 150 biotech companies in Cambridge. She encouraged city to meet with them. She stated that she would be glad to work with the City Council to organize such a meeting. Ms. Bourque said that the Massachusetts Biotechnology Council has two programs that could help with donation of equipment to the schools. There is an excess equipment exchange and golf fundraiser in which the proceeds go to purchase scientific equipment for the schools. Ms. Bourque said that the TIF program at the state could be combined with city incentives such as the 121A, which benefitted Biogen. When you have these businesses here, they stay here unless they need huge amounts of space.

Councillor Sullivan said that even then, they keep their headquarters here. Ms. Bourque agreed.

Councillor Galluccio asked how the City can offer incentives to keep light production here. He noted that the city wants to set up a Technical Advisory Committee to have opportunities for expert advice regarding school curriculum.

Councillor Sullivan brought up the Ireland example of government-sponsored incubation space that new businesses can stay in for two to five years; and then the government helps then locate space once they leave.

Ms. Bourque said that biotech companies often need eight-ten years of startup time.

Ms. Strain gave the example of 100 Inman Street, which is now incubator space.

Vice Mayor Born stated that she attended the Just-A-Start Biotechnical Career graduation. The population was not recent grads; it was older, and did not contain many Cambridge residents. Ms. Strain said that MBRI from Boston funded most of it and specified Boston participants for its funds.

Mr. Healy said that next year there will be additional Cambridge funding targeted to Cambridge residents. The program is not run at the Cambridge Rindge Latin School Bunker Hill extension because there is not sufficient lab space at Cambridge Rindge and Latin School.

Vice Mayor Born said that it will be private development, not the city, that provides the incubator space. She asked Mr. Healy how he screens company's requests for access to him.

Mr. Healy said that he speaks with companies that have concepts and ideas and request to meet with him. He gives them information about Cambridge and suggests that they contact members of the City Council.

Ms. Schlesinger said that the City looks at factors such as possible jobs for residents, tax potential, and traffic issues. They try to tell businesses what they can expect.

Vice Mayor Born said that there is a perception on the part of community groups that the City Manager and senior staff access is all for businesses and not for community groups. It is important to get out the message that this does happen objectively. Business people are acting in a professional capacity, with an attendant detachment that next-door residents don't have.

Councillor Sullivan stated that businesses often have concerns that they will get caught up in a long, expensive process, for example, a curb cut application.

Vice Mayor Born stated that a curb cut is a curb cut, not a design review opportunity for the City Council. She added that politics and proportional representation heighten the concerns of elected officials regarding the degree of satisfaction of the residents.

Councillor Galluccio noted the changing demographics and different perception by more recent residents of what they want and need. One hundred years ago immigrants needed jobs and acknowledged businesses as providing that. Wealthier professionals don't need jobs here and they don't need the human services that lower income residents need. It is important for the City Council members to be leaders in supporting the needs of less affluent residents, which means supporting some level of the business development that brings in the commercial taxes and corporate partnerships that help so much in funding these human services.

Gerry Oldach, President, Cambridge Chamber of Commerce, noted that there are a lot of benefits that businesses already provide. For example, Polaroid sponsored the School-to-Work program.

Ms. Bourque said that earlier communications from the city to the community about vacancies, about what can be done as of right, and about what the City's goals are would be helpful.

Laurie Taymore Berry, Chair, Ward Five Committee, Cambridgeport, said that developer David Vickery has had community meetings regarding the Polaroid project. She added that if there will be housing on that side of Pleasant Street, where parking is not allowed, perhaps Polaroid could pay for widening the street so that there can be parking on both sides of the street.

Tom Lucey, Executive Director, Chamber of Commerce, noted the presence of several members of the Chamber and submitted written comments.

Sara Gallop, Massachusetts Institute Technology, Chair, Chamber of Commerce, stressed the interdependence of civic and business life and its importance to MIT. MIT works with the public schools extensively, and with employees and residents and supports development of new business. MIT is grateful for city support, especially from the City Manager and his office and from the Community Development. She stressed the importance of keeping the lines of communication open, and noted that June 10 is Cambridge First Day at MIT. This event will celebrate the economic partnership of the City and MIT. This year the theme will focus on entrepreneurialism in Cambridge.

Gerry Oldach mentioned the presence of John Higgins, new manager of the Harvest Food Coop in Central Square.

John Higgins, Harvest Coop, stated his goal for the Harvest coop to become less marginal and more an expression of the real diversity of Cambridge. He said that he looks forward to working with the City.

Councillor Galluccio thanked all those present for their attendance.

The meeting was adjourned at 10:15 a.m.

For the Committee,

Anthony Galluccio

Councillor Anthony D. Galluccio
Chair

A report from Councillor Anthony D. Galluccio, Chair of the Economic Development Training and Employment Committee, for a meeting held on June 4, 1997 for the purpose of discussing the business climate in Cambridge. S-741

In City Council November 3, 1997

Charter Right
exercised by
Councillor Galluccio

November 17, 1997
Tabled on motion of
Councillor Sullivan
November 24, 1997
Report Accepted,
Placed on file on
motion of Councillor
Galluccio,