

City of Cambridge

The Economic Development, Training and Employment Committee held a public meeting on Wednesday, May 21, 1997 in the Sullivan Chamber at six o'clock and fifteen minutes p. m. for the purpose of discussing the proposed Economic Development Policy, specifically as it relates to Entrepreneurship and Capital.

Present at the meeting were Councillor Anthony Galluccio, Chair of the Committee, Councillor Michael Sullivan, Councillor Katherine Triantafillou, Councillor Henrietta Davis, Donna P. Lopez, Deputy City Clerk, Richard Rossi, Deputy City Manager, Susan Schlesinger, Assistant City Manager for Community Development, Jeanne Strain, Director of Economic Development and Elaine Madden, Economic Development Project Planner.

Councillor Galluccio opened the meeting by stating it was the first of a series of meeting to discuss the Economic Development Policy. He encouraged people to read the policy before the meetings.

A slide presentation was presented by Jeanne Strain, Director of the Economic Development in the Community Development Department. A document entitled **IV. SUMMARY OF CURRENT INITIATIVES AND RECOMMENDATIONS FOR FUTURE INITIATIVES** was distributed to the committee and attached as (ATTACHMENT A). She reviewed goals for **INNOVATION AND ENTREPRENEURSHIP, Goal # 1, and CAPITAL, Goal # 4.**

Councillor Galluccio requested the Community Development Department to meet with the community groups to go through and review the Economic Development Policy. He stated that employment skills were mismatched. The Economic Development Policy talked about change in Cambridge's economy such as in 1972 26.4 % of the jobs were in the manufacturing and construction area and only 7.9 % are now in this area. The void, he stated, has been filled by entrepreneurship and biotech firms. He stated that 17% of Cambridge residents did not have a high school diploma and the universities were the largest employers. He stated that the draft shows that the city should work to maintain businesses with over one hundred employees which offer jobs which require a wider range of experience, skill and education. He stated that any business under five hundred employees is called a small business. He asked how does the city keep businesses in the city which employ over 100 people, how does the city take advantage of the entrepreneur aspects of small business and how does the city keep high-tech production in the city to keep jobs here.

Ms. Susan Schlesinger, Assistant City Manager for Community Development, underscored the practical goals. She urged the public to come to the Community Development Department for assistance to keep small business in the city.

Councillor Sullivan stated that the city is trying to achieve a balance of issues that are quality of life issues between business and residents. He stated that the city is being stereo-typed as being unfriendly to business. The city is here to help with a variety of ways, he stated. The Economic Development Policy, he stated, was a fluid policy and that the city needed help from the business and residential community. This process has taken a year and a half to complete and the assistance of small business was needed to make it work, he said.

Councillor Galluccio stated that five hundred notices were sent out regarding the hearings on the Economic Development Policy. He stated that complaints have been received from small and large businesses alike. He stated that the process is open ended and that he wants to make Economic Development a feel good issue. He stated that Cambridge has a low vacancy rate and a low unemployment rate. He further stated that Cambridge needs to be proactive to reach out to the business community.

Councillor Davis stated that she wants to see how the city could help the entrepreneur sector.

Councillor Galluccio stated that the recommendations will be a policy that will give the policy makers a framework to work with.

The committee heard from Tom Lucey, representing the Cambridge Chamber of Commerce, who stated that the Chamber is a 1300 member organization which is committed to improve the quality of life of the residential and business community. He stated that East Cambridge was named the number one area for small business. He stated that the issue is access to capital, that access is tough for small businesses starting out, women and minorities. The Chamber, he stated, would like to improve the number of women and minority businesses. He stated that periodic seminars for financing of small businesses should be incorporated into the Economic Development Policy. The Chamber and the city could work together on this issue, he said. Mr. Lucey stated that he would like to see included in the Economic Development Policy development of untraditional capital companies by the city. Mr. Lucey stated that many businesses feel intimidated by the permitting process by the city. He said that the city regulations could use some tinkering to streamline the process. He would like to see one stop shopping for permit processes included in the Final Economic Development Policy. Mr. Lucey stated that the Chamber would like to be included in the marketing team on the Economic Development marketing piece of the policy. He applauded the city's efforts to make presentations on the Economic Development Policy in the neighborhoods throughout the city.

The committee heard from Rachael Solem, The Irving House, 14 Ellsworth Avenue, who stated that she has been a resident and business owner for ten years. She stated that short term accommodations are needed in the city. She informed the committee that she employed twenty employees of which sixteen were Cambridge residents. She stated that she has invested a lot of her capital and has had difficulty finding financing from banks. She informed the committee that the regulating climate of the city is critical. She stated that the city departments are helpful, but they are not working under logical laws and the laws are not always in written form. She stated that small businesses need to rely on support and clarity on the part of the city. Ms. Solem stated that the Economic Development Policy was an encouraging sign.

At this time Councillor Galluccio stated that the city would like written recommendations from the business community on the Economic Development Policy.

The committee heard from Sue Sigler-Popkin, Chair of the Women and Business Committee of the Chamber of Commerce, who stated her support for the Economic Development Policy. She supported the city's help for women and small business and the Women's Directory. Ms. Sigler-Popkin offered the services of the women in business to the city in relationship with the Economic Development Policy.

The committee heard from George W. Ravanis, Frank's Steak House, who stated that he was grateful to see the city support the Economic Development Policy. Mr. Ravanis suggested that the permit form be streamlined so that all the permits were on one form for their efficiency. Councillor Galluccio responded that the city would review the possibility to incorporate this suggestion into the Policy.

The committee heard from James McCall, Brick Co. Grille, who told the committee of the assistance offered to him by Elaine Madden with financing for his business. He also stated that the permitting process should be streamlined.

The committee heard from Mr. Jacques Joseph, Cambridge Limo, Inc., who stated that it is not easy to do business in Cambridge. He stated that the Chamber of Commerce has been very helpful to him. He told the committee of the help he received from Elaine Madden in the Community Development Department. Mr. Joseph stated that in 1996 he bought an eight passenger van and in 1997 he bought a fourteen passenger van and that the city assisted him obtaining business.

The committee heard from Rory Perry, The Office Mates, who stated his business has been in Cambridge since 1988. He told the committee that Jean and Elaine and the staff of the Community Development Department are very responsive to the business community. Mr. Perry stated that he would like the city to provide a link between angel investors (individuals who invest equity in a company in the early stages) and venture capital who enter in the financing stage. Venture capital may have traditional knowledge to develop the business, he stated. He stated that he had trouble getting venture capital investors because of the type of his business, because it is not a tech business. He stated that he employs 40-50 people to do bookkeeping for small companies. Mr. Perry stated that his company is working on training people to uplift their skills. He stated his company could turn people into bookkeepers. Councillor Galluccio stated that he would like Community Development to act as a bridge between the angel investors and the venture capital investors.

Councillor Triantafillou stated that she was glad that entrepreneurs and small business were in attendance. She stated that she was glad to hear that the Chamber was in support of the Economic Development Policy.

The committee heard from Mary Perreira, All Nationalities Hair Salon in Harvard Square, who commended the Community Development Department. She informed the committee that she was looking to move to a larger shop in the Central Square area.

Councillor Davis asked how is the match to be accomplished between vacant commercial space and the small businesses. Will the Community Development Department keep track of open space so that Ms. Perreira can relocate, she asked. Ms. Strain responded that the Community Development Department maintains a data base of vacant space. She stated that available space is tight. Ms. Madden informed the committee that each request is handled on a one on one basis. The interest is to find a commercial space with 2500 square feet and we try to find a match in the data base, she said.

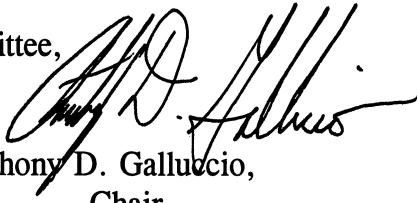
The committee heard from Ducarmel Rateau, Rateau Insurance Agency, 954 Cambridge Street, who stated that he was happy to do business in Cambridge. Mr. Rateau commended Ms. Madden for her help. He asked for help to improve the appearance of his business and Ms. Madden was assisting him with the finance.

Councillor Davis asked the Community Development Department staff how they obtain their clients. Ms. Strain stated that they use marketing material and that some of their clients are referred to the Community Development Department by the Chamber of Commerce. Councillor Davis inquired if there was a direct mailing done to all businesses by the Community Development Department. Ms. Strain stated that some mailing was done to the businesses.

Councillor Galluccio thanked all for coming and announced that the next meeting of the Economic Development, Training and Employment Committee will take place on Wednesday, May 28, 1997 at 6:00 p.m.

The meeting adjourned at seven o'clock and forty minutes p. m.

For the Committee,


Councillor Anthony D. Galluccio,
Chair

IV. SUMMARY OF CURRENT INITIATIVES AND RECOMMENDATIONS FOR FUTURE INITIATIVES

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This section identifies the current initiatives the City is implementing as well as making recommendations for future activities for Council consideration.

INNOVATION AND ENTREPRENEURSHIP

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GOAL 1: Cultivate a supportive environment for entrepreneurial companies

1.1 Encourage a supply of inexpensive space suitable for start-up companies

Current Initiatives:

- Provide referral services for companies seeking less than 2,000 square feet of space.
- Collaborate with existing incubators supporting the needs of young companies.

Future Recommendation:

- Assess the need for an additional business incubator in Cambridge, as well as the availability of buildings, financing mechanisms, and ownership options.

1.2 Promote the formation and growth of minority and women owned businesses

Current Initiatives:

- Provide business development services, such as assistance developing business plans, assessing markets, and obtaining financing, to minority and women- owned businesses.
- Refer clients to training programs and sources of capital, such as the Center for Women's Enterprise and the Community Development Finance Corporation.

Future Recommendations:

- Publish a 1997 edition of the Cambridge Women's Business Directory to assist enterprises owned by women in marketing themselves.
- Convene a focus group of minority-owned businesses to better understand any unmet needs of this sector.
- Develop seminars on obtaining financing to respond to requests by women- owned businesses for training on this topic.
- Assess the continuing needs of women-owned businesses for support by the City.

1.3 Endorse efforts to eliminate potential cuts in federal research and development spending

Current Initiative:

- Determine ways the City of Cambridge can be helpful in fighting cutbacks in federal research and development moneys at Harvard and MIT.

Future Recommendations:

- Advocate for federal legislation which provides funding for academic and medical research and development and which local universities support.

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1.4 Cultivate the growth of small businesses

Current Initiatives:

- Provide business development services such as, assistance developing marketing plans, analyzing markets, assessing capital needs and devising strategies to obtain financing to entrepreneurs and small business people.
- Work with the Cambridge Business Development Center and the Cambridge Savings Bank to redesign a micro-enterprise program serving the needs of neighborhood residents starting very small businesses.
- Fund the Cambridge Business Development Center, whose activities include mentored support groups for chief executive officers (CEO's) of young high growth companies and peer lending groups for neighborhood enterprises.

Future Recommendations:

- Market the City's economic development services to businesses in Cambridge's commercial districts as part of the commercial revitalization projects in such areas as Central Square and Cambridge Street.
- Assess the feasibility of serving larger numbers of small businesses by developing targeted programs serving the needs of specific sectors such as retail, food service, professional services, etc.

GOAL 2: Market Cambridge's entrepreneurial environment to companies for whom a Cambridge location could provide a competitive advantage

2.1 Develop a marketing strategy to promote the Cambridge location to appropriate businesses

Current Initiative:

- Develop marketing materials jointly with the Chamber of Commerce to promote the City as a business location.

Future Recommendation:

- Implement a marketing strategy for Cambridge.

2.2 Engage a consultant to develop a strategic plan to position Cambridge as a location for international businesses.

Future recommendations:

- Develop a request for proposals for consultant services to determine the most effective strategy for the City to pursue to attract international business.
- Implement a strategy to attract appropriate international businesses.

GOAL 4:

Improve the access to capital for Cambridge businesses throughout the business life cycle

4.1 Facilitate the flow of information about capital markets

Current Initiatives:

- Assist companies assessing capital needs and preparing loan applications and business plans.
- Introduce companies seeking financing to appropriate banks, quasi-public agencies and venture capitalists.

Future Recommendation:

- Offer periodic seminars about business finance.

4.2 Reduce Capital Gaps

Current Initiatives:

- Increase the availability of loans to small businesses by designing a small business lending pool in collaboration with banks.
- Work with private sources of capital to develop a non-traditional development capital company that will invest in a wider variety of firms than current venture capital firms will fund.

Future Recommendations:

- Market the small business lending consortium to Cambridge businesses.
- Act as the point of entry for companies seeking loans through the small business lending consortium, including pre-screening applicants for loans.

- Assess the need to maintain the HUD 108 biotechnology loan program; assess other uses of HUD 108 funds.
- Evaluate the possible role for tax exempt industrial revenue bonds as a financing vehicle, including the need to market the Cambridge Industrial Development Finance Authority to Cambridge manufacturers.

A report was received from the Economic Development, Training and Employment Committee for a meeting held on May 21, 1997 for the purpose of discussing the proposed Economic Development Policy, specifically as it relates to Entrepreneurship and Capital.

In City Council June 9, 1997

Report Accepted.

PLACED ON FILE

*on motion of
Councillor Galluccio*