

**Mayor's Task Force on Job Growth
and Business Retention**

**Task Force Report to
Mayor Joseph O'Brien**

August 9, 2010

TABLE OF CONTENTS

Page 3	Executive Summary
Page 5	Membership
Page 6	Background
Page 8	Category 1: Municipal Staffing and Organization
Page 16	Category 2: Promoting a Fair and Equitable Taxation System
Page 22	Category 3: Business Incentives
Page 26	Category 4: Branding and Marketing
Page 28	Conclusion
Page 29	Appendix A

EXECUTIVE SUMMARY

In April of 2010, Mayor Joseph C. O'Brien assembled a 36-member Task Force on Job Growth and Business Retention to address growing concerns regarding the City of Worcester's ability to provide its citizens with jobs that pay a living wage. The Task Force held seven formal working sessions and one public hearing over the course of three months. We sought and analyzed information about economic development strategies, city finances, tax structures, inter- and intra-governmental partnerships, and progressive economic development programs in comparable cities across the country. Members also benefited from multiple presentations by variety of individuals regarding details of Worcester's economic development strategy.

This report presents the Task Force's recommendations to Mayor O'Brien. As with any group of such size and diversity, there were areas of debate and disagreement within the Task Force. In certain areas some members would go further than the recommendations contained herein or offer additional recommendations upon which there was not full consensus. This report, however, represents areas of common ground upon which all members agree. The recommendations identify particular problem areas in which action is required to craft a more comprehensive and cohesive strategy for job growth and retention in the City.

Four common themes arose repeatedly during the course of the Task Force's dialogue and testimony: Municipal Staffing and Organization; Tax Classification; Business Incentives; and Marketing and Branding of the City. We have organized our recommendations around these themes. Specifically, the recommendations are as follows:

Category 1: Municipal Staffing and Organization

- The City Manager, Mayor, and City Council should significantly increase the funding for the Economic Development Division to be consistent with similar sized cities.
- The City Manager should re-prioritize Inspectional Services and Planning and Regulatory Services Division to address small business concerns.
- The City Manager should highlight the role of business assistance and real estate development in the City structure.
- The Mayor and City Manager should establish ongoing business outreach groups.
- Business leaders, in conjunction with the City, should establish a New Business Ambassador Program.
- The City Administration should continue efforts to embrace and encourage sustainable development practices and innovations.
- The Mayor, City Council and School Committee should maintain their investment in Worcester's Schools.

Category 2: Promoting a Fair and Equitable Taxation System

- The Mayor and City Council should substantially narrow the disparity in property tax rates between business owners and homeowners.
- The Mayor and City Council should better utilize existing tax exemption programs to protect owner occupants.

- The Mayor and City Council should advocate state legislative action to adjust the burden amongst all commercial enterprises.

Category 3: Business Incentives

- The City Administration should improve awareness and communication of existing incentives.
- Worcester's Legislative Delegation should support and promote enactment of Gateway Cities legislation.
- The City Manager, Mayor, and City Council should work with state partners to advocate for creation of special incentives for City priority development, especially downtown.
- The City Manager, Mayor, and City Council should work with state partners to create additional programs to subsidize the regional challenges associated with urban development including: lead paint, asbestos, and brownfields redevelopment.

Category 4: Branding and Marketing

- The public and private sectors should develop consistent messaging and media coordination.
- A private sector partnership should create marketing materials for distribution to prospective businesses.

Details regarding the basis for these recommendations and our thoughts on implementation are contained in the full text of the report.

Two other items should be pointed out in this summary. First, it was notable throughout this process that the business owners who testified and Task Force members who deliberated on these issues were overwhelmingly complimentary towards the individual city employees with whom they deal. With very few exceptions, their testimony was not critical towards individuals, but rather pointed out what they perceived to be flaws in such areas as staffing levels or systems. Task Force members hope that this report is received in the same spirit. We have been very impressed with the municipal staff with whom we have dealt, and we offer this report in the spirit of constructive advice from a fresh set of eyes. Second, the Task Force intends to reconvene periodically to review the progress towards attainment of these recommendations. With help from the Worcester Regional Research Bureau, we would like to actively benchmark progress towards implementation of the strategies and recommendations contained in this report and continue a discussion about specific topics affecting businesses.

TASK FORCE MEMBERSHIP

Committee Co-Chairs:

James Leary, Worcester resident

UMass Medical School

Shyla Matthews, Worcester resident

MassDevelopment

Committee Members:

Raymond Beaudry

Worcester/Fitchburg Building Trades Council

Mark Bilotta, Worcester resident

Colleges of Worcester Consortium

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Worcester Interfaith

John Brissette, Worcester resident

Braley & Wellington Insurance Group

Richard Burke, Worcester resident

Fallon Community Health Plan

Grace Carvajal

Cantina Restaurant

William Chase

Worcester property owner

Chris Collins

Unum

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Dennis Irish, Worcester resident

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Laurie Jeffery, Worcester resident

Worcester Scales

Steve Johns, Worcester resident

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Acclaim Home Health Care Inc

Kevin O'Sullivan, Worcester resident

Massachusetts Biomedical Initiatives (MBI)

Ivette Olmeda, Worcester resident

Center for Women and Enterprise

Elizabeth Proko, Worcester resident

Worcester Citizens for Business

Hector Reyes, Jr., Worcester resident

Spectralite

Frederick C. Rushton, Worcester resident

City Councilor

Roberta Schaefer, Worcester resident

Worcester Regional Research Bureau

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Grafton Hill Neighborhood Association

Jack Woods, Worcester resident

Webster Sq Business Assoc & Woods Insurance

The Task Force would like to thank the following individuals for their support:

Timothy J. McGourthy, City of Worcester Economic Development Director

Paul Morano, City of Worcester Director of Business Assistance

Don Anderson, Director of Workforce Central

Jon Weaver, Research Team Lead

Daniel Donahue, Research Team

Nick Fedorek, Research Team

Emily Visone, Research Team

Isabel Gonzalez, Chief of Staff to Mayor Joseph P. O'Brien

BACKGROUND

Membership

In April of 2010, Mayor Joseph C. O'Brien assembled a 36-member Task Force on Job Growth and Business Retention to address growing concerns regarding the City of Worcester's ability to provide its citizens with jobs that pay a living wage. The Task Force membership consists of owners and representatives of small and large Worcester-based businesses, real estate developers, researchers, and institutional partners. A conscious effort was made to identify representatives who not only work in the City, but who live here as well (two-thirds of the Task Force resides within the City). Mayor O'Brien charged the Task Force to develop recommendations geared towards increasing the City's economic competitiveness by better utilizing the resources of the private sector and local, state, and federal governments.

Co-chaired by James Leary and Shyla Matthews, the Task Force held seven formal working sessions and one public hearing over the course of three months. To aid members in their deliberations and discussions, the Task Force was supported by a four-member Research Team staffed by Nick Fedorek and Emily Visone, interns from Clark University, and Daniel Donahue, an AmeriCorps VISTA volunteer. The team was led by Jonathan Weaver, a loaned executive from the Worcester Business Development Corporation. The Research Team was also advised by Roberta Schaefer of the Worcester Regional Research Bureau; her contributions to the progress of the working group are greatly appreciated.

Research

The Research Team compiled data, in particular comparison data from other cities across the country, and summaries of numerous reports, which were presented to the Task Force for review. The Research Team also responded to direct inquiries from the Task Force members and chairs. A collection of the Research Team's transmittals are submitted in Appendix A.

In particular, the Task Force sought out information about economic development strategies, city finances, tax structures, inter- and intra-governmental partnerships, and progressive economic development programs in comparable cities across the country. Members also requested presentations from a variety of individuals about the details of Worcester's economic development strategy. Presenters and their topics included:

- Timothy J. McGourthy, Economic Development Director, City of Worcester & Paul Morano, Director of Business Assistance, City of Worcester
Structure and ongoing work of the Worcester Economic Development Division
- Don Anderson, Director, Workforce Central
The City's workforce development and training programs
- Thomas F. Zidelis, Treasurer and Budget Director, City of Worcester
William J. Ford, City Assessor, City of Worcester
The City of Worcester's current tax and classification structure

- Julie A. Jacobson, Assistant City Manager for Economic, Neighborhood, and Workforce Development, City of Worcester
Municipal Economic Development Priorities and Vision
- Beth Proko, Worcester Citizens for Business (WC4B) & Chris Johnson, Worcester Citizens for Business
Reported on recent citywide survey of business climate conducted by WC4B
- Craig L. Blais, Executive Vice President, Worcester Business Development Corporation
Small Business Administration (SBA) 504 Loan Program.

Throughout the three-month process, Task Force members discussed and deliberated matters relating to job growth and economic development in the City of Worcester. These deliberations were informed not only by the presentations and materials presented formally to the Task Force, but also by the real life experiences of the members, many of whom have operated and expanded their own businesses in the City.

Recommendations:

Through months of research, deliberation, and constructive debate, the Task Force resolved that the City of Worcester possesses numerous unique advantages that encouraged the membership to locate and grow their businesses here. However, as any successful business would, the City must regularly review and refine its focus in order to better achieve its goal of creating a positive environment for retaining and expanding jobs. To this end, the Task Force welcomed the opportunity to assist Mayor O'Brien by offering a series of recommendations aimed towards improving the business climate within the City.

Over the course of this three-month process, a variety of issues arose which fit into four common themes:

1. Municipal Staffing and Organization
2. Promoting a Fair and Equitable Taxation System
3. Business Incentives
4. Marketing and Branding of the City

While there is admittedly some overlap within these categories, the Task Force felt this strategy would be helpful to categorize the discussion both before and after issuing the report.

CATEGORY 1: MUNICIPAL STAFFING AND ORGANIZATION

Introduction

Most members of the business community reported positive experiences with both the staff and work product of the City's Economic Development Division; however, there were common concerns regarding the overall capacity, structure, and staffing levels of the Division. In addition, many small business representatives expressed frustration with the City's licensing and regulatory process.

**MANY SMALL BUSINESSES FELT
THAT THEIR GROWTH WAS NOT A
MUNICIPAL PRIORITY.**

The common themes were not anti-regulatory or anti-licensing; instead, small businesses owners expressed frustration with the current regulatory and licensing process. Many businesses reported not being adequately or timely informed about what regulations and licenses they were required to meet, or of receiving inconsistent information from different city inspectors about what actions would satisfy these requirements.

As a result, many small businesses felt that their growth was not a municipal priority. It should be noted again, that the reports rarely faulted the current municipal staff, but instead commended these employees for doing all that they could with limited resources.

The Task Force members recognized that the business climate is impacted by more than interactions with the Economic Development Division, Inspectional Services, and Planning and Regulatory Services. Consensus emerged that continued investment in public education and public infrastructure are necessary to retain and attract large and small businesses as well.

Objectives:

- Increase the capacity of the City's Economic Development Division.
- Increase the priority of business development within the City Administration, especially among small businesses.
- Improve consistency and ease of business interaction with Worcester's municipal Inspectional Services Department.
- Utilize partnerships to increase public and private investment in public schools, infrastructure, and cleanliness to ensure business retention and attraction.

Recommendations:

- 1.1 The City Manager, Mayor and City Council should significantly increase the funding for the Economic Development Division to be consistent with similar sized cities.
- 1.2 The City Manager should re-prioritize Inspectional Services and Planning and Regulatory Services Division to address small business concerns.
- 1.3 The City Manager should highlight the role of business assistance and real estate development in the City structure.
- 1.4 The Mayor and City Manager should establish ongoing business outreach groups.

- 1.5 Business leaders, in conjunction with the City, should establish a New Business Ambassador Program.
- 1.6 The City Administration should continue efforts to embrace and encourage sustainable development practices and innovations.
- 1.7 The Mayor, City Council and School Committee should maintain their investment in Worcester's Schools.

**RECOMMENDATION 1.1:
THE CITY MANAGER, MAYOR, AND CITY COUNCIL SHOULD SIGNIFICANTLY
INCREASE FUNDING FOR THE ECONOMIC DEVELOPMENT DIVISION.**

Research

The Economic Development Division is generally regarded as responsive, cooperative, and effective. Representatives of large businesses have been satisfied with the innovation and responsiveness of the Division and its individual staff members. However, many small business owners within the Task Force strongly believe that its current functioning capacity is not sufficient to meet the demands of the business community in Worcester.

Under the Task Force's direction, the Research Team analyzed the staffing and funding levels of a series of similar cities across the nation. This research showed that the City is falling behind its national competition in economic development staffing and funding levels. Of the 7 cities identified as comparable to Worcester, the average economic development funding amount was \$2.3 million with an average staff of 14.5 economic development professionals.¹ By contrast, Worcester designated less than one-fifth of the average level of funding - at \$396,148 (including staff assigned to Assistant City Manager) - to its economic development efforts and has only five full-time Economic Development Division staff members to serve a city of approximately 182,600.² The structure of other cities' economic development departments, as well as the many qualitative differences within the cities, dictate that these numbers should be treated with caution: this is not an exact comparison by any means.

**FUNDING FOR THE ECONOMIC
DEVELOPMENT DIVISION IN
PARTICULAR ACCOUNTS FOR LESS
THAN HALF OF 1% OF TOTAL CITY
OPERATIONS.**

Nevertheless, the study shows that Worcester spends much less on economic development than other cities, even in those whose economies most similarly resemble Worcester's.

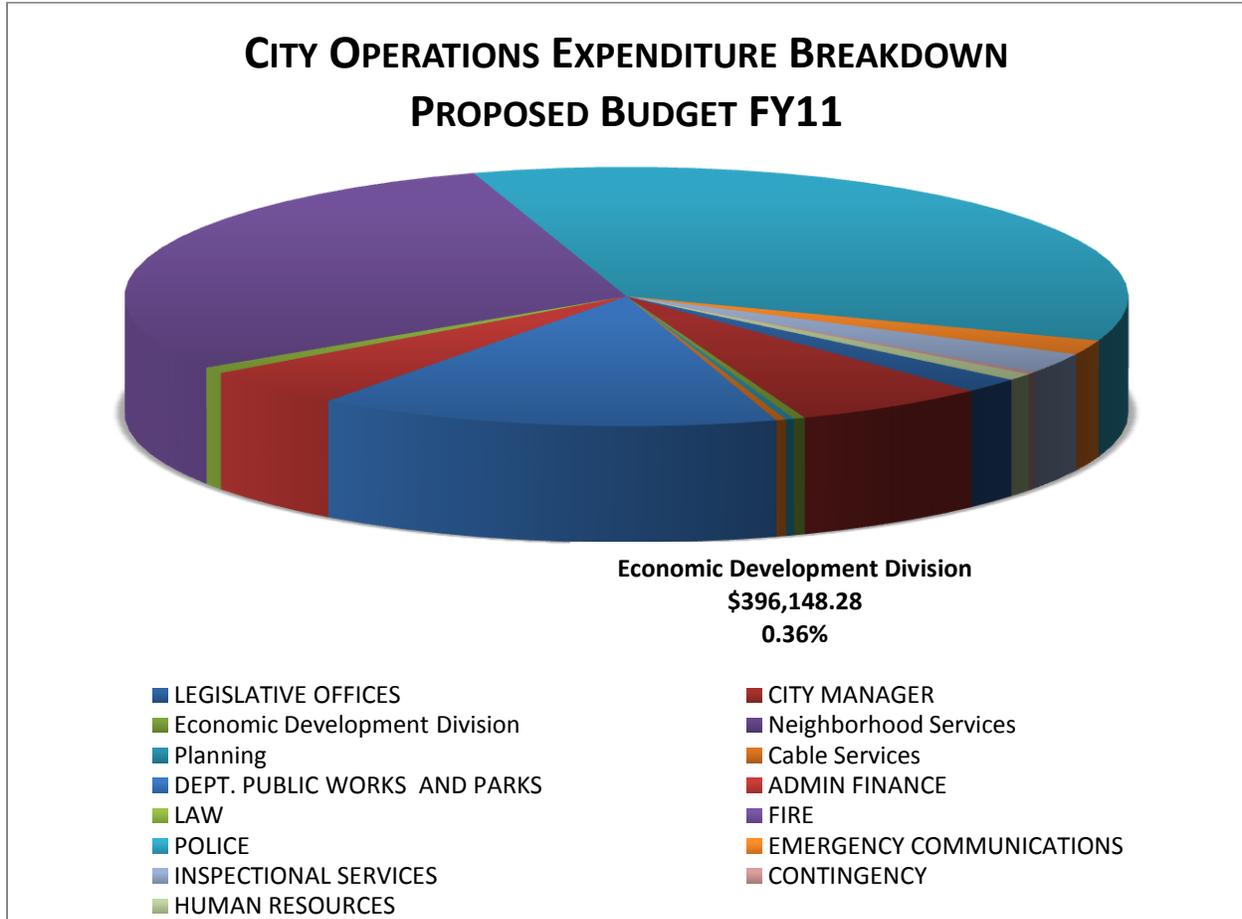
The Economic Development Division's tax levy budget for FY 11 is recommended to be only \$396,148 (which includes staff assigned to Assistant City Manager), a decrease of \$35,798 from the \$431,946 allocated in FY 10. Figure 1.1, below, identifies proposed departmental funding for City operations expenditures in the FY11 City Budget. Funding for the Economic

¹ Dayton OH, Chattanooga TN, Syracuse NY, Rochester NY, Arlington VA, Stamford CT, Newark NJ.(see Appendix A for full Comparison Chart)

² Source: U.S. Census Bureau, 2008 Population Estimates

Development Division in particular accounts for less than half of 1% of total city operations expenditures including staff assigned to the Assistant City Manager.

Figure 1.1 – City Operations Expenditures Breakdown



Source: City of Worcester Fiscal 2011 City Budget

Recommendation

While economic development is a high-ranking priority for the City of Worcester, the Economic Development Division does not have the resources it requires to make positive impacts on a larger scale. Increased funding for the Division can secure additional staffing positions, especially positions dedicated to targeted small business outreach such as the Ombudsman position recommended later in this document, and other resources geared towards job growth and retention in the city. Given the positive economic and tax levy impact that additional job growth can yield for the City, we believe that **increasing funding of the division is both justifiable and advisable.**

**RECOMMENDATION 1.2:
THE CITY MANAGER SHOULD RE-PRIORITIZE INSPECTIONAL SERVICES AND PLANNING AND REGULATORY SERVICES DIVISIONS TO ADDRESS SMALL BUSINESS CONCERNS.**

Research

Throughout the research and discussions, one thing was clear: small businesses felt underserved by city government. The public hearing and Task Force debate revealed that the Inspectional Services Department and other regulatory agencies play a key role as ambassadors of the City because they often are the first contact small business owners or out-of-town developers have with Worcester government.

While building codes are uniform throughout the Commonwealth, zoning and many other permitting regulations are localized and, therefore, may appear as a daunting maze for those interacting with them for the first time. This is a significant obstacle for local small business owners. Undeniably, professional services and legal counsel are often necessary and advisable, yet the Task Force believes business owners, especially those who cannot afford professional services, should be able to initially receive consistent, general information about the process in order to get them started in the right direction. While this is admittedly an extremely difficult area to document, the significant reaction received from the business community indicated that it warranted improvement.

Recommendations

To address this concern, the Task Force proposes the creation of a **Small Business Ombudsman** position within City government. This idea has been considered and debated multiple times over the past two decades but has not been implemented. In this iteration, it is envisioned the Ombudsman would focus upon the needs of small businesses and opportunities whereby municipal government can foster growth and success in this vital sector of our local economy.

The Small Business Ombudsman could conduct continual outreach to the small business community by regularly attending neighborhood business association meetings and other such small business-oriented meetings.

Based upon these interactions, he or she would report back to the City administration on opportunities for municipal government to be more responsive to the needs of existing businesses. For example, working within existing municipal regulations, the Small Business Ombudsman may recommend ways in which departmental functions can be

streamlined and implemented in a timely manner to promote the growth of small businesses. This would reduce the friction and overall cost of doing business in Worcester, which has been identified as a problem by businesses.

**SMALL BUSINESS OWNERS ARE OFTEN TOO
OCCUPIED WITH THE DAY-TO-DAY
CHALLENGES OF RUNNING A BUSINESS TO
FULLY MASTER THE MUNICIPAL REGULATORY
PROCESS**

Small business owners are often too occupied with the day-to-day challenges of running a business to fully master the municipal regulatory process. The Ombudsman position could educate and provide consistent general information to small businesses enabling owners to better incorporate these issues into their business plans and operations. This would serve the interests of businesses by ensuring that they have a better understanding of compliance issues, thereby enabling them to avoid costly and time-consuming revisions to their business plans or operations. At the same time, it would serve the interests of the Inspectional Services Department and the Planning Department. Codes and regulations exist for a reason. Promoting compliance benefits businesses and protects the health and safety of the populace.

We recognize that legal and regulatory obstacles may sometimes prevent the inspectional services and planning departments from providing specific advice and counsel to individual businesses. Nonetheless, we believe the Ombudsman can serve a legitimate and vital role in providing general information to businesses and in advocating for the code and regulatory process to be implemented in a timely and consistent manner. By way of example, on a statewide basis the Commonwealth is served by a "State Permitting Ombudsman" who, among other things, works to streamline the permitting process in order to foster business growth. Like the state, the City can benefit from this approach which works to ensure that regulatory functions are implemented in a manner that serves the populace by upholding public health and safety *while* promoting job and business growth by virtue of being fair, timely, and consistent.

Other small business-friendly ideas suggested by Task Force members include **better ensuring the availability of Inspectional Services personnel** to respond to inquiries by phone or at the office; continued effort by the City to **implement a computerized Inspectional Services database** to improve efficiency and coordination, similar to ones used by inspectors in both Boston and Shrewsbury; and **expanding the customer service office hours of the Planning Department beyond 2:00 PM** to make it easier for small businesses and developers to make inquiries, obtain advice, and file plans.

RECOMMENDATION 1.3:

THE CITY MANAGER SHOULD HIGHLIGHT THE ROLE OF BUSINESS ASSISTANCE AND REAL ESTATE DEVELOPMENT IN THE CITY STRUCTURE.

Research

The Assistant City Manager for Economic, Neighborhood, and Workforce Development serves as the primary economic development official for the City. This position oversees the divisions that include planning services, economic development, neighborhood development, housing development, and workforce development activities, among others.

In the past, a Chief Development Officer oversaw the Economic Development Division and directly reported to the City Manager, providing an easily identifiable contact for economic development interests both inside and outside Worcester. While the Chief Development Officer focused primarily on real estate development, the position also held a symbolic role for those businesses and investors seeking assistance in navigating municipal government. Although the

position was eliminated in the City's reorganization of 2005, its the role and functions were incorporated into the Assistant City Manager position.

Recommendation

The Task Force suggests that the City Administration clarify the role and responsibilities of the Assistant City Manager for Economic, Neighborhood, and Workforce Development and explore a more appropriate structure and nomenclature to highlight this position's importance and accessibility for business and real estate interests.

RECOMMENDATION 1.4: THE MAYOR AND CITY MANAGER SHOULD ESTABLISH ONGOING BUSINESS OUTREACH GROUPS.

Research

Throughout the Task Force process, it became clear that there was a constructive role for the private sector in establishing public policy. The primary focus of municipal government is often residents; however, there appears to be a growing partnership between government and employers that should be recognized and fostered. Public – private partnerships are quickly becoming vital tools for municipalities to provide superior programs while responsibly managing public funds.

Recommendation

In order to better include businesses and improve awareness of ongoing municipal business development strategies, **the Task Force encourages the Manager and the Mayor to hold regular outreach meetings with various members of the business community, including businesses of a variety of sizes and types from across the entire community.**

These meetings would provide a regular forum for communication and a foundation point for public-private economic development partnerships. Due to the differences between large and small businesses, the Task Force suggests consideration of distinct outreach strategies for each. A small business outreach strategy would provide opportunities for small business owners to have regular interface with the Mayor, the Manager, the Assistant City Manager, and other city officials. Likewise, holding a Small Business Summit or Conference would enable large numbers of small businesses to discuss economic development issues together with local elected officials, as well as other businesses and interested parties.

Large businesses are major sources of employment and integral contributors to the local economy. In past City administrations, large business leaders have been included in economic development cabinets. **The Task Force believes a renewed effort to integrate large businesses into the City's economic development discussions, preferably under the guidance of the City Manager, would be beneficial.** A large business committee of this type would promote communication and coordination of private-public development strategies.

**RECOMMENDATION 1.5:
BUSINESS LEADERS, IN CONJUNCTION WITH THE CITY, SHOULD JOINTLY ESTABLISH A NEW
BUSINESS AMBASSADOR PROGRAM.**

Research

While Worcester has experienced a significant amount of existing business expansion, it has not benefitted from a significant amount of new business attraction. Recent efforts such as *Choose Worcester* have demonstrated the challenges of a large scale effort at attracting new businesses.

Recommendation

The Task Force recommends the creation of a Business Ambassadors program. This low cost program would recruit members of the local business community to commit to meeting with prospective businesses interested in locating within the City. This would provide prospective and interested businesses with the opportunity to discuss business conditions and the City as a whole with local business peers. This opportunity for prospective businesses to hold more relevant and personal conversations with local business leaders will serve as an important resource in attracting new investment.

Such strategies have been pursued with success by other cities throughout the country. While staffing and personnel time would be necessary to successfully implement this initiative, we believe this ought to be achieved by exploring partnerships with local private sector partners, such as the Worcester Regional Chamber of Commerce or MassEcon (formerly the Massachusetts Alliance for Economic Development), which has a statewide ambassadors program. While periodic efforts have taken place in the past, we believe a more formalized and ongoing campaign should be undertaken that includes the creation of a database of volunteer ambassadors and assignment of personnel to coordinate and support the effort.

**RECOMMENDATION 1.6:
THE CITY ADMINISTRATION SHOULD CONTINUE EFFORTS TO EMBRACE AND ENCOURAGE
SUSTAINABLE DEVELOPMENT PRACTICES AND INNOVATIONS.**

Research and Recommendation

The Task Force applauds the efforts the City administration has taken in the past few years of adjusting building codes and zoning to encourage green and sustainable development within the City's borders. The group further recommends continued review and coordination of the policies and zoning to continue to designate Worcester as a hub of green energy development and receptiveness, while at the same time being mindful to not impair the business community with additional levies for this policy.

**RECOMMENDATION 1.7:
THE MAYOR, CITY COUNCIL, AND SCHOOL COMMITTEE SHOULD MAINTAIN THEIR
INVESTMENT IN WORCESTER'S SCHOOLS.**

Research

There is a documented correlation between a successful public school system and economic development. Successful public school systems increase real estate values, promote business attraction, stabilize the employment base, and promote general economic development success.³ Thus, we believe that public education should be seen as an investment in addition to a basic public service. Worcester's history of investment in education has yielded a highly-skilled workforce that has fueled the City's transition from an industrial city into a high tech, knowledge-based economy focusing on education, biotechnology, and healthcare.

The Task Force applauds and encourages the efforts of numerous local institutions and corporations that have individually invested in the public school system. Efforts such as the Hanover Insurance Group's \$1 million investment in the AVID program and UMass Medical School's investment in the Worcester Pipeline Collaborative serve as examples of contributions by large employers toward ensuring a skilled and vibrant workforce in the future.

Recommendation

The Task Force recommends continued investment in the City's future workforce by maintaining or increasing its investment in its public schools. Additionally, we recommend publicizing the positive programs within our public school system in order to better demonstrate the spillover effects of a successful school system on the local economy. These efforts should recognize the significant benefit of Worcester's wealth of public and private schools at all levels. Worcester is fortunate to have a significant network of private and charter schools in addition to its public school system, as well as an abundance of colleges and universities able to continue producing a highly skilled workforce.

Both large and small businesses have stated that one of Worcester's greatest advantages is the strength of its workforce. This is generally attributed to the strength of its local schools. Worcester needs to continue to cultivate and retain the graduates of these public and private high schools, colleges, and universities.

³ Weiss, Jonathan D. "Public Schools and Economic Development: What the Research Shows". KnowledgeWorks Foundation. 2004.

CATEGORY 2: PROMOTING A FAIR AND EQUITABLE TAXATION SYSTEM

Introduction

Worcester adopted a dual tax rate system in 1984, allowing the City Council to set different tax rates for residential and commercial properties. On an annual basis the Council sets commercial and residential tax rates from approximately 250 possible scenarios. For the past several years, the Council has selected the “Lowest Residential” tax rate and, consequently, the “Highest Commercial” tax rate. In effect, this means that businesses pay 175% of the single tax rate (meaning total tax levy divided by total assessed value divided by one thousand), which is the maximum allowable shift under state law. In FY10, the Residential Tax Rate was \$15.15 per \$1,000 of assessed value and the Commercial/Industrial Tax Rate was \$33.28 per \$1,000 of assessed value.

Objectives:

- Create a fair and equitable taxation system.

Recommendations:

- 2.1 The Mayor and City Council should substantially narrow the disparity in property tax rates between business owners and homeowners.
- 2.2 The Mayor and City Council should better utilize existing tax exemption programs to protect owner occupants.
- 2.3 The Mayor and City Council should advocate for state legislative action to adjust the burden amongst all commercial enterprises.

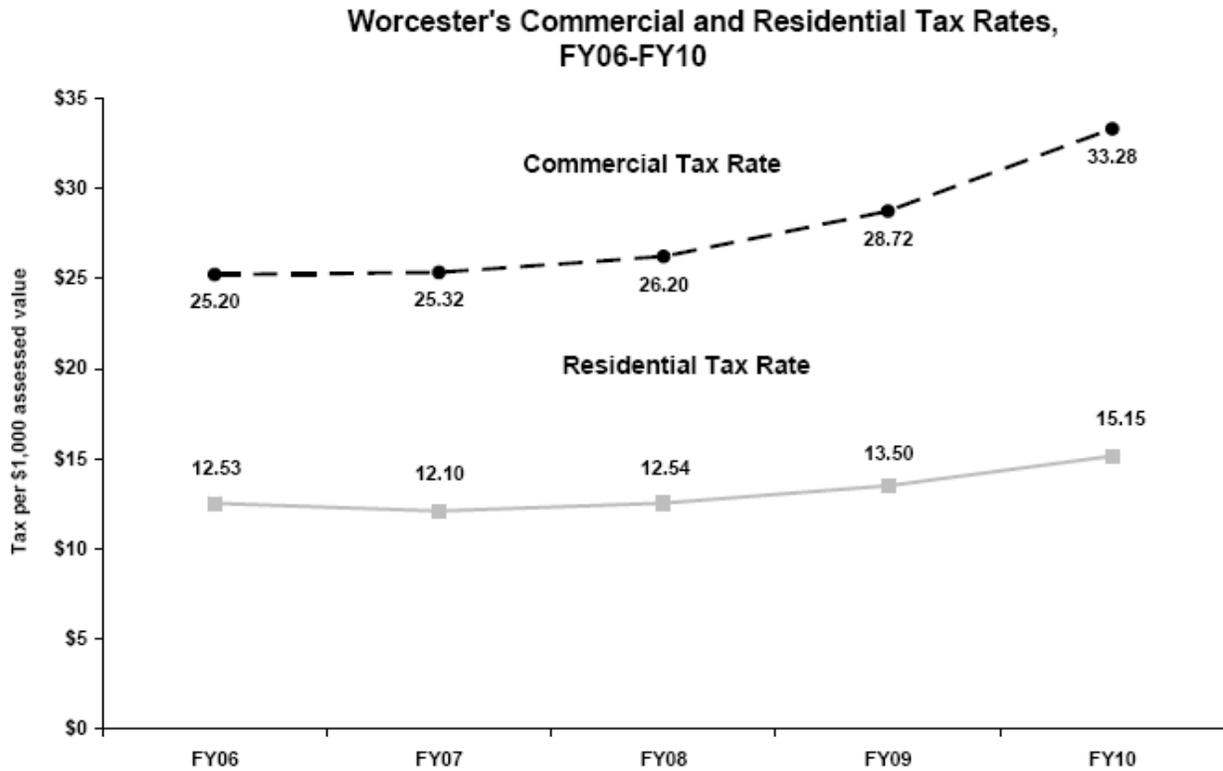
RECOMMENDATION 2.1: THE MAYOR AND CITY COUNCIL SHOULD SUBSTANTIALLY NARROW THE DISPARITY IN PROPERTY TAX RATES BETWEEN BUSINESS OWNERS AND HOMEOWNERS.

Research

The dual tax rate was adopted in Worcester shortly after Chapter 59 of the Massachusetts General Laws was enacted in Fiscal Year 1984. The rationale for raising the Commercial/Industrial Tax Rate at the time was that sufficient tax revenues to run city government could be generated with minimal impact to residential homeowners by making businesses pay more. However, higher rates for businesses have had the unintended effect of driving businesses away from Worcester. From FY84 to FY08, residential property has grown from 65% of the total assessed value to 81% of the total assessed value, and commercial/ industrial property has shrunken from 35% of total assessed value to just 19% of total assessed value.⁴ While the tax rate difference is not the sole reason for this occurrence, it is a major contributing factor. As a result of this shift, homeowners now have a much larger share of the tax burden. Figure 2.1, below, shows changes in the commercial and residential tax rates from FY06- FY10.

⁴ The Research Bureau, “The Case For a Single Tax Rate,” 2009.

Figure 2.1 – Worcester's Commercial and Residential Tax Rates, FY06 – FY10



Source: The Research Bureau, "Benchmarking Economic Development in Worcester, 2009," 2009.
 Data: Massachusetts Department of Revenue, Division of Local Services

Additionally, many businesses are doubly burdened by the personal property tax, which is tied to the commercial / industrial rate. The personal property tax is levied upon businesses at the commercial / industrial rate for all capital, including inventory and equipment. Non-exempt capital-intensive businesses,⁵ including life sciences and construction companies, are especially impacted by this tax due to the high values of the equipment upon which they rely. This is particularly counterproductive to the City's longstanding efforts and accomplishments in developing a life sciences and biotechnology cluster. By state law, the personal property tax rate is linked to the commercial / industrial rate, so the City is unable to adjust this rate separately from commercial real estate.⁶ The best solution for reducing this additional burden, therefore, is to provide more equity within the existing tax structure.

Recently, residential property values have been declining (mostly due to the nationwide recession), going from \$9.8 billion in FY09 to \$8.6 billion in FY10. As a result, the average homeowner recently experienced a small decrease in property taxes (approximately \$33), while businesses on average saw an increase of about \$2,750.⁷ The dual taxation system has effectively

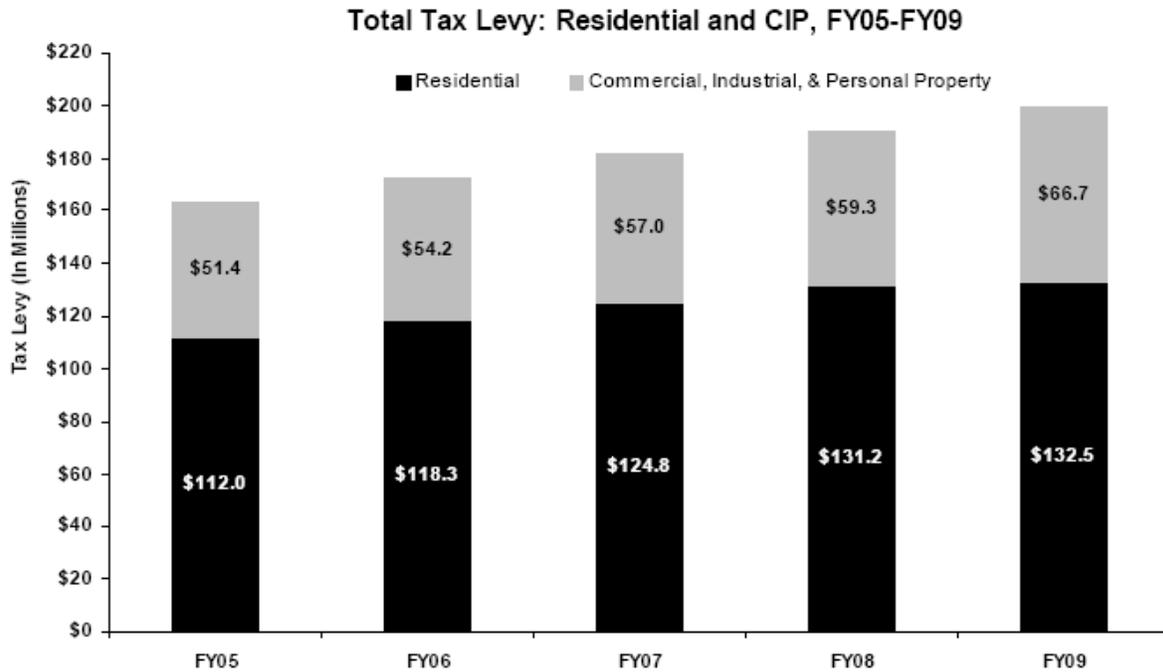
⁵ Certain specific types of business 'personal property' are statutorily exempt by state law from the personal property tax.

⁶ Statewide enabling legislation would be necessary to enable municipalities to tax personal property at a rate different than commercial real estate.

⁷ The Research Bureau, "The Case For a Single Tax Rate," 2009.

put Worcester at a disadvantage in terms of cost, relative to neighboring towns with single tax rates and similar geographical advantages. Though in some cases the advantages of a city location may outweigh the impact of this differential, in others the differential can be the deciding factor that drives businesses to our suburban neighbors. Figure 2.2, below, shows proportions of commercial/industrial (CIP) and residential total tax levy from FY05 to FY09:

Figure 2.2 – Total Tax Levy: Residential and CIP, FY05-FY09



Source: The Research Bureau, “Benchmarking Economic Development in Worcester, 2009,” 2009.
 Data: Massachusetts Department of Revenue, Division of Local Services

Recommendations

To create new jobs as well as retain the jobs that are already here, the City must concern itself with creating a comparative advantage for business location. Revising tax classification is especially important for life sciences, biotechnology, and hi-tech firms—all of which have maintained high rates of growth despite the nationwide recession.⁸

Based on the data and the feedback from businesses, the Task Force recognizes that a “highest commercial” tax strategy hurts homeowners and the City in the long term as businesses continue to depart for lower-tax communities. **In order to protect the City from this out-migration, the Task Force strongly recommends the City take defensive actions and begin a more equalized taxation strategy.**

The City’s taxation strategy should focus on growing the commercial / industrial tax *base* through a fair and equitable distribution of the tax *rate*. Adjusting the rate is a strong incentive

⁸ The Research Bureau, “Benchmarking Economic Development in Worcester: 2009,” 2009.

for businesses to remain or locate here and a good long-term strategy for growing the commercial base. As the overall tax base expands, the individual burden on each taxpayer – whether commercial or residential - decreases. Simply put, expansion of the commercial base will benefit homeowners as well as businesses by decreasing the percentage of the base borne by the former.

MOST IMPORTANTLY, THE MEMBERS OF THE TASK FORCE BELIEVE THAT THE TIME HAS COME FOR A COMMUNITY-WIDE CONVERSATION ABOUT HOW THE CITY CAN HELP BUSINESSES STAY AND GROW HERE IN WORCESTER, AND IN DOING SO, SLOW THE CITY'S INCREASING RELIANCE ON RESIDENTIAL RATEPAYERS.

It must be acknowledged that while it is the most effective long-term strategy, reducing the commercial/industrial rate will have a short-term impact on residential ratepayers. As such, it will be difficult to accomplish in a one-or-two year period. Adding to the challenge and short-term impact is the difficult economic climate and the City Council decision this year to raise property taxes to fund a \$20 million street and sidewalk improvement plan. Despite these obstacles, it is critically important that we begin to put forward concrete ideas on how the City could

begin to make progress on closing this gap.

Due to the vast number of tax rate options the City has under the dual rate system (some 250 or so options, as referenced above), the Task Force did not have clear consensus on one particular scenario over all others. Some members support elimination of the dual rate and a return to a single rate. Others support substantially narrowing the gap within the dual rate system; for example, by shifting 50% over three years while undertaking efforts to reduce the impact on residential property owners who live in the city. Regardless of our individual views on specific rate adjustment options, collectively all members of the Task Force formally and strongly recommend that the City take substantial steps towards decreasing the rate differential and that it do so as quickly as feasible.

By way of example, the two charts below outline the impact of two options to substantially shift tax rates in ways that would meaningfully improve Worcester's business climate. Example #1 is a three-year 100 percent shift (i.e., a shift to a single tax rate), and example #2 is a three-year 50 percent shift (i.e., a shift from a 1.75 differential factor to a 1.375 differential). We believe that a substantial rate shift such as either of these should be accompanied by efforts to limit the impact on owner occupants and modest/low income homeowners; we therefore have listed some options on how to ameliorate the impact on homeowners.

Most importantly, the members of the Task Force believe that the time has come for a community-wide conversation about how the City can help businesses stay and grow here in Worcester, and in doing so, slow the City's increasing reliance on residential ratepayers.

Example #1: 100% shift over 3 years⁹

Year	Residential Tax Rate	Commercial Tax Rate	Average Residential Tax Bill	Average Commercial Tax Bill	CIP Factor
Current	\$15.15	\$33.28	\$3,128.63	\$19,945.35	1.750
Year 1	\$16.44	\$28.52	\$3,394.72	\$17,096.01	1.500
Year 2	\$17.73	\$23.77	\$3,660.81	\$14,246.67	1.250
Year 3	\$19.01	\$19.01	\$3,926.89	\$11,397.35	1.000

Example #2: 50% shift over 3 years⁹

Year	Residential Tax Rate	Commercial Tax Rate	Average Residential Tax Bill	Average Commercial Tax Bill	CIP Factor
Current	\$15.15	\$33.28	\$3,128.63	\$19,945.35	1.750
Year 1	\$15.79	\$30.90	\$3,261.51	\$19,522.42	1.625
Year 2	\$16.44	\$28.53	\$3,394.39	\$17,099.50	1.500
Year 3	\$17.08	\$26.15	\$3,527.26	\$15,676.65	1.375

**RECOMMENDATION 2.2:
THE MAYOR AND CITY COUNCIL SHOULD BETTER UTILIZE EXISTING TAX-EXEMPTION PROGRAMS TO PROTECT OWNER OCCUPANTS.**

Research and Recommendation

In order to soften the impacts of a more equitable tax shift as described in Recommendation 2.1, the City Council could better utilize the exemption programs available under existing state statutes. Under current statute, the City, without any action by the State Legislature, could implement a residential exemption program for residential ratepayers similar to Boston, Brookline, and Barnstable.

The residential exemption could provide a tax break of up to 20% to owner-occupied homeowners who applied with the City Assessor’s office and meet various criteria. By implementing this exemption, the City Council could redistribute the tax rate by up to 20% and maintain a consistent tax bill for most owner-occupied homeowners.

Similar exemptions are also available under State statute for senior citizens and small businesses. These two exemptions in particular are currently utilized in Worcester. However, they are highly restrictive in who qualifies. By better utilizing these existing programs, the City could redistribute the tax rate but soften the impact for these groups.

The Task Force recognizes the challenges associated with exemption programs, including multiple qualification restrictions, the need for the individual taxpayer to complete and submit an application, as well as the needs for staffing within the Assessor’s Office to collect and process the applications. Nonetheless, we believe that proper utilization, in combination with a tax-rate

⁹ Figures do not account for new growth in the tax base.

shift as described in Recommendation 2.1, could achieve the goal of enticing businesses to remain or relocate to Worcester, while protecting the most vulnerable homeowners from the impact of a tax-rate shift.

**RECOMMENDATION 2.3:
THE MAYOR AND CITY COUNCIL SHOULD ADVOCATE STATE LEGISLATIVE ACTION TO
ADJUST THE BURDEN AMONGST ALL COMMERCIAL ENTERPRISES.**

Research

In most applications, including municipal code and bank financing, apartment buildings with four or more units are considered commercial enterprises. However, in municipal property tax codes, these commercial enterprises share the same tax burden as owner occupied one-, two- or three-family homes.

Recommendation

To help spread the tax burden more equitably, the State Legislature should explore the long-term idea of promoting legislation to move these properties into the Commercial/ Industrial class.

Classifications of residential and commercial tax categories are highly regulated by the Massachusetts Department of Revenue and existing state law. Therefore, for the City to have the authority to move apartment buildings into the Commercial/Industrial class would require enactment of state legislation.

This process could be initiated either by filing home rule legislation specific to Worcester or, perhaps, by working with other 'Gateway Cities' to advocate statewide enabling legislation. Successfully reclassifying these properties as commercial/industrial is estimated to allow the City to reduce the commercial /industrial rate to a CIP factor of approximately 1.6 (or reducing the rate from the current \$33.28 to about \$30.00).

Even in the best case scenario, a statewide legislative effort is a long and difficult process that typically requires multiple years to produce the desired result. In addition, potential unintended consequences – such as the impact of reclassification upon rental rates – will need to be fully vetted as part of the legislative process. Thus it is critical to note, this is regarded as a long-term goal which should not be seen as an alternative to the implementation of recommendations 2.1 and 2.2.

CATEGORY 3: BUSINESS INCENTIVES

Introduction

In a recent study by **Forbes Magazine** entitled “*Best Places for Business and Careers*,” Worcester ranked number 91 out of 250 cities in terms of being a desirable place to do business. Worcester was complimented for its cultural amenities, low crime rates, and higher educational attainment levels. However, it was ranked 162 out of 250 for “job growth” and 186 for “cost of doing business.” While Worcester is still in general ahead of the pack, the City must try to become more business-friendly in order to address the issues of job growth and cost of doing business. Providing incentives, while sometimes risky, can solve some of these problems. This is especially important for downtown revitalization.

Municipal governments in Massachusetts are restricted in the business incentives that they can offer. For the most part, business incentives in the Commonwealth are tax incentives tied to capital expansion and job growth. Thus, certain business incentive strategies that could benefit Worcester and which are utilized in other states are unavailable for use by the City due to a lack of statewide enabling legislation. For this reason, tax incentives dependent upon state legislative authorization can only be considered a long-term strategy for job growth and retention. Nonetheless, there are a number of tools at the disposal of the municipal government which can be used to spur job growth and retention.

Objectives:

- Increase incentives for businesses to expand and create jobs within the City.
- Enable municipal government to assist businesses with challenges specific to geography.

Recommendations:

- 3.1 The City administration should improve awareness and communication of existing incentives.
- 3.2 Worcester’s Legislative Delegation should support and promote enactment of Gateway Cities legislation.
- 3.3 The City Manager, Mayor, and City Council should work with state partners to advocate creation of special incentives for City priority development, especially downtown.
- 3.4 The City Manager, Mayor, and City Council should work with state partners to create additional programs to subsidize the regional challenges associated with urban development including: lead paint, asbestos, and brownfields redevelopment.

RECOMMENDATION 3.1: THE CITY ADMINISTRATION SHOULD IMPROVE AWARENESS AND COMMUNICATION OF EXISTING INCENTIVES.

Research

Worcester already offers many creative and highly useful incentives for businesses. However, as highlighted in a survey by the Worcester Citizens for Business, many of the small businesses

these incentives are meant to serve are not familiar with their details or sometimes even their existence. These incentives are aimed at helping businesses overcome financial challenges, expand their services, and create jobs, but insufficient marketing, communication and coordination between the public and private sectors has impeded optimal implementation.

Recommendation

Improving awareness and communication of existing incentives for small businesses is a pragmatic solution to this problem. The Small Business Ombudsman, described in Category 1 could help promote these programs. Promoting awareness of the incentives could also be incorporated into a coordinated marketing campaign aimed at changing negative perceptions of Worcester.

**RECOMMENDATION 3.2:
WORCESTER'S LEGISLATIVE DELEGATION SHOULD SUPPORT AND PROMOTE ENACTMENT OF
GATEWAY CITIES LEGISLATION.**

Research and Recommendation

The 2007 "Gateway Cities" report by MassINC and the Brookings Institution served as a backdrop to much of the Task Force's research and discussion. Legislation inspired by the same report – aptly referred to as the Gateway Cities legislation – was filed in 2009 with the support of the City Manager and other urban municipal leaders across the Commonwealth (*An Act to Promote Economic Development in Gateway Cities* - House Bill No. 2702). This legislation is specifically designed to address the needs of cities like Worcester by offering an array of tools critical for success in attracting economic development in older industrial cities.¹¹

Unfortunately, the legislation was not enacted before the Legislature ended its formal sessions for the 2009-2010 legislative term on July 31st.¹² The Task Force recommends that the local delegation actively pursue and promote the passage of this legislation in the next legislative term.

**RECOMMENDATION 3.3:
THE CITY MANAGER, MAYOR, AND CITY COUNCIL SHOULD WORK WITH STATE PARTNERS
TO ADVOCATE CREATION OF SPECIAL INCENTIVES FOR CITY PRIORITY DEVELOPMENTS,
ESPECIALLY DOWNTOWN.**

Research

One consistent message heard by the Task Force from economic development officials was that a business looking to expand by a few jobs and expand its physical infrastructure had virtually no

¹¹ House Bill 2702 defines Gateway Cities and provides the following tools to those municipalities that meet the definition: removal of the limit on historic tax credits, establishment of a job creation tax credit, establishment of a Housing Tax Credit, creation of a Homeownership Rehabilitation Tax Credit, allowance for the city administration to combine the Investment Tax Credit and Economic Opportunity Area tax credits, and Expansion of the Economic Opportunity Area tax credit to certified projects.

¹² Senate Bill 2582, *An Act Relative to Economic Development Reorganization*, was enacted on the last day of the legislative session and, at the time of the filing of this report, is pending approval or veto by the Governor. This bill provides incentives to retain or add manufacturing jobs in Gateway Cities, but does not contain any of the other incentives of House Bill 2702.

state or municipal incentives to encourage their expansion. Thus, there are no programs to help alleviate the extensive cost of this expansion in the antiquated structures of Worcester's downtown commercial district. Without further incentives and tools to promote investment in these structures, many small businesses will not be able to properly expand into the existing space in the downtown district. Tenancy of these locations requires significant investment to be affordable in comparison to similar-sized locations outside of the downtown area or Worcester's city limits.

Recommendation

The Task Force recommends creation of a specialized tax increment financing pilot district within the downtown commercial district, which also incorporates the use of specialized zoning to encourage further development of the mixed uses in the downtown area, which are vital to have a healthy and vibrant downtown neighborhood. This district would target specialized tax financing based on private investment into the area and the structures of the district. Different from the current TIF legislation, this incentive would be an automatic forgiveness of some percentage of the increased taxable amount for a set number of years and would not require some of the more cumbersome requirements of the current TIF legislation (e.g., specific job creation thresholds). Because state law does not currently allow for creation of a district of this sort, both City Council approval and Legislative support would be necessary.

This policy has been successfully implemented in Philadelphia, Cleveland, and Cincinnati. Along with the creation of such a district, the City could also implement a corresponding district improvement bond that is triggered by established private sector development benchmarks. For example, after a set amount of private investment (for example, \$2.5 million) the City would then release a matching amount of bond funding for downtown improvements. Combined with increased awareness of the existing incentives and loans for small businesses, this would further boost downtown revitalization.

RECOMMENDATION 3.4:

THE CITY MANAGER, MAYOR, AND CITY COUNCIL SHOULD WORK WITH STATE PARTNERS TO CREATE PROGRAMS TO SUBSIDIZE THE REGIONAL CHALLENGES ASSOCIATED WITH DEVELOPMENT, INCLUDING: LEAD PAINT, ASBESTOS AND BROWNFIELDS REDEVELOPMENT.

Research

New England has a rich industrial heritage and our older cities are home to many historic and culturally significant buildings dating back to various stages of our impressive manufacturing history. While we are proud of our past, these very buildings pose a challenge to our continued growth. Formerly accepted building and manufacturing practices are no longer acceptable due to ecological and health impacts.

Because of modern era regulations restricting the redevelopment of certain building sites including the removal of hazardous materials, the cost of developing in northeastern industrialized areas, such as Worcester, has grown considerably and has adversely impacted Worcester's competitiveness, in particular against previously less-developed and industrialized neighbors. In addition to the general challenges posed by Brownfield remediation, rehabilitation

of older urban properties is hindered by cost escalation factors associated with removal of lead paint and asbestos.

Recommendation

In addition to this newly-created tax incentive district recommendation, the Task Force further recommends that the City continue to work with our legislative delegation and the leadership of other Gateway Cities to support state incentives for removing lead paint and asbestos, and remediating Brownfields. All partners should also explore policy proposals to allow transfer of these incentives to their eventual users and investors: businesses.

CATEGORY 4: BRANDING AND MARKETING

Introduction

Many members of the Task Force expressed concern about the lack of a coordinated marketing and branding effort by the city. With the demise of *Choose Worcester*, the City does not have a formal marketing team and the Economic Development Division does not have any funds earmarked for marketing efforts. This is an area that needs to be addressed both in the short term and the long term. While the group did not have any formal recommendations on how to replace the efforts of *Choose Worcester*, we believe that there are several steps that can be undertaken in the short-term to help strengthen and coordinate pro-growth messaging and branding of the city.

Objectives

- Increase the effectiveness of messaging about Worcester.

Recommendations:

- 4.1 The public and private sectors should develop consistent messaging and media coordination
- 4.2 A private-sector partnership should create marketing materials for distribution to prospective businesses.

RECOMMENDATION 4.1: THE PUBLIC AND PRIVATE SECTORS SHOULD DEVELOP CONSISTENT MESSAGING AND MEDIA COORDINATION

Research

Business growth, particularly as it relates to attracting new businesses to locate in Worcester, is impacted by external perceptions of the City. Unfortunately, Worcester is often hindered by inaccurate perceptions held by statewide, regional, and national constituencies. It is too common for people outside of Worcester to lack knowledge of, or appreciation for, the impressive skill sets and educational levels of many of our residents, the benefits to the City and local businesses of the presence of major higher education and medical institutions, the City's extensive transportation network, or the diversity of cultural and recreational offerings in and near Worcester.

Branding is crucial to begin to change these misperceptions and promote an appreciation of Worcester among external audiences who might be interested in locating businesses here. The Task Force recognizes that various local entities, such as private businesses and universities, have individually developed messages about Worcester as part of their institutional marketing campaigns. However, these messages are not consistently coordinated and likely lack a common theme or 'brand' for the City.

Recommendation

A consistent message and theme about Worcester may be developed through a community effort that includes institutions that market themselves to external audiences, thereby benefiting both the City and the individual institutions, while ensuring that misperceptions about the City are addressed. The consistent theme and brand should be incorporated into media and talking points used by different parties in their marketing campaigns. This will reduce inconsistency in messaging and reinforce a positive “brand” of Worcester.

Due to the limited resources available to the City to do marketing and branding, we recommend the creation of a public/private partnership to lead the effort of developing a common message, theme, and talking points about Worcester and to coordinate a co-branding campaign that can be coordinated with existing institutional marketing campaigns.

The Colleges of Worcester Consortium has generously offered to take a leadership role in this effort. This partnership can lead a coordinated effort to distribute materials and information to businesses and institutions for inclusion in their publications and websites. By promoting consistency regarding substantive information about Worcester, particular themes the community wishes to stress, and even symbolic items such as the City’s logo, this effort can better brand Worcester to the outside world and correct misperceptions held by too many outside constituencies.

RECOMMENDATION 4.2:

A PRIVATE-SECTOR PARTNERSHIP SHOULD CREATE MARKETING MATERIALS FOR DISTRIBUTION TO PROSPECTIVE BUSINESSES.

Research

The Task Force reviewed a marketing package prepared by Hanover Insurance in collaboration with the City several years ago. The marketing package identified the benefits of locating in Worcester from a private perspective and was viewed as highly effective.

Recommendation

The Task Force recommends a new private sector partnership be developed to create a second-generation marketing package for distribution to prospective businesses.

CONCLUSION

Prior to the initiation of this shared effort, each individual member of the Task Force already had a strong stake in Worcester. Whether as residents, business owners, developers, researchers, or taxpayers, we each understood that our success and that of our respective businesses and institutions were integrally tied to the success of our hometown. Through our participation in this Task Force, that understanding has been amplified and our commitment to the City, both individually and collectively, has strengthened.

We firmly believe that the recommendations contained in this report chart a course for the City to follow that will lead to job growth and retention. To its credit, Worcester has already distinguished itself by transitioning into the modern, global economy better than most northeastern U.S. industrial cities; but there is room for improvement.

By its very nature, the rapidly changing 'post-industrial' global economy dictates that we not rest on our laurels. Instead, more than ever before, we must anticipate, plan, and execute. In decades past Worcester could easily identify its competition, which primarily consisted of other northeastern manufacturing centers, and the City could afford to assume a high degree of continuity in its economic base due to the immobility of capital-intensive factories and mills. The present day economy is drastically different. Today, our competition could be located in a nearby suburban community or in a city halfway across the globe. And, due to the degree of mobility allowed by modern technology, companies and jobs can depart far more quickly and easily than ever before.

In light of these challenges, we believe it imperative that Worcester continually seek out ways to distinguish itself from its competitors. The recommendations contained herein are an attempt to do exactly that. To track our success, the Task Force will reconvene semi-annually to evaluate progress towards attainment of these recommendations. In an attempt to benchmark success, we will publicly measure progress towards implementation, with the assistance of the Worcester Regional Research Bureau. These meetings will also provide a forum for continued discussion around topics affecting businesses which are not covered in detail in this report, and for potential revisions of strategy in light of unanticipated obstacles or significantly changed circumstances.

In conclusion, we see transmittal of this report to the Mayor not as an end, but rather as a beginning: as the commencement of a community-wide dialogue about how to best build upon Worcester's strengths to ensure that our city continues to distinguish itself as a center of economic strength and opportunity well into the future.

APPENDIX A

**CITY OPERATIONS EXPENDITURE BREAKDOWN
FY11 PROPOSED BUDGET**

Department/ Division	Division Subtotal	Departmental Total
LEGISLATIVE OFFICES		
City Council	\$350,000.00	
Mayor	\$104,074.84	
City Clerk	\$607,904.04	
Auditing	\$609,790.57	
Election Comm	\$368,457.96	
SUBTOTAL LEGISLATIVE OFFICES		\$2,040,227.41
CITY MANAGER		
Office of City Manager	\$1,856,043.92	
Dept. Public Health	\$152,596.80	
Office of Elderly Affairs	\$558,737.16	
Library	\$4,293,155.32	
SUBTOTAL CITY MANAGER		\$6,860,533.20
ECONOMIC DEVELOPMENT		
Economic Development Division	\$396,148.28	
Neighborhood Services	\$500.00	
Planning	\$299,244.72	
Cable Services	\$348,689.58	
SUBTOTAL ECONOMIC DEVELOPMENT		\$1,044,582.58
DEPT. PUBLIC WORKS AND PARKS		
DPW Admin	\$553,516.16	
DPW Engineering	\$1,825,700.88	
DPW Streets	\$2,249,306.28	
DPW Sanitation	\$5,342,628.04	
DPW Central Garage	\$1,768,955.64	
Snow Removal	\$2,733,529.00	
Street Lights	\$1,887,828.00	
SUBTOTAL DEPT. PUBLIC WORKS AND PARKS		\$16,361,464.00
ADMIN FINANCE		
Finance	\$2,271,538.40	
Assessing	\$577,291.00	
Tech Services	\$2,452,387.88	
SUBTOTAL ADMIN FINANCE		\$5,301,217.28
LAW		\$888,727.09
FIRE		\$32,136,798.45
POLICE		\$38,902,032.36
EMERGENCY COMMUNICATIONS		\$1,998,841.44
INSPECTIONAL SERVICES		\$2,832,147.56
CONTINGENCY		\$300,000.00
HUMAN RESOURCES		\$969,957.53
TOTAL CITY OPERATIONS EXPENDITURES	\$	109,636,528.90

**Economic Development Analysis of Comparable Cities Nationwide
Mayor's Task Force on Job Growth and Business Retention**

City	Government	Agencies Involved	Economic Development Organizational Role	Eco. Dev. Budget	Staff
Rochester, NY	Strong Mayor/ Council	1. City Dept. Of Neighborhood and Business Development 2. Rochester Economic Development Corp. (REDCO)	1 of 8 depts. under Deputy Mayor. Deputy Mayor 1 of 8 Depts. under Mayor's Office	\$1.78 million	17
Syracuse, NY	Strong Mayor/ Council	1. City Office of Neighborhood and Business Development 2. Onondaga County Economic Development Department	1 of 9 depts. under Deputy Mayor, Deputy Mayor is 1 of 3 administrators under Mayor	N/A	8
Dayton, OH	Manager/ Council (Weak Mayor)	City Office of Economic Development	Office is only dept. under the Asst. Manager for Strategic Development, who is 1 of 3 Assts. under the City Manager.	\$1.2 million	15
Chattanooga, TN	Strong Mayor/ Council	City of Chattanooga/Chamber of Commerce Economic Development Office	As private/public, office reports to Mayor's Office and the Chamber of Commerce Board	N/A	N/A
Arlington, VA	County Manager/ County Board	Arlington Economic Development	1 of 13 depts. reporting directly to County Manager	\$3.4 million	20
Stamford, CT	Strong Mayor/ Council	City Office of Economic Development	The Director of Economic Development appointed by and reports directly to Mayor	\$465,000	2

Economic Development Analysis of Comparable Cities Nationwide - Page 2
Mayor's Task Force on Job Growth and Business Retention

City	Government	Agencies Involved	Economic Development Organizational Role	Eco. Dev. Budget	Staff
Newark, NJ	Strong Mayor/ Council	City Office of Economic and Housing Development	Office headed by the Deputy Mayor for Economic Development, who reports directly to Mayor	\$5 million	25-30
Brockton, MA	Strong Mayor/ Council	Brockton 21st Century Economic Development Corporation	Public-Private Partnership	\$250,000	1
Fitchburg, MA	Strong Mayor/ Council	1. Economic Development Division 2. Fitchburg Redevelopment Authority	1 of 4 divisions under Community Development Dept. under the Mayor	N/A	3
Fall River, MA	Strong Mayor/ Council	Fall River Office of Economic Development	Private, Non-Profit	\$1.266 million	5
Lowell, MA	Manager/ Council (Weak Mayor)	City Economic Development Office	subsection of Division for Planning and Development under the Asst. Manager for Planning and Development, who reports to City Manager	\$500,000	6
Providence, RI	Strong Mayor/ Council	Providence Economic Development Partnership			

**Branding Analysis of Comparable Cities Nationwide
Mayor's Task Force on Job Growth and Business Retention**

City	Brand	Marketing of Brand	Branding/ Marketing Budget	Property Tax Rate: per \$1000 assessed	Miscellaneous Notes
Rochester, NY	"Rochester: Made for Living"	All Business marketing through Communications Bureau of City Government. Brand stresses the cultural and neighborhoods of city to attract both residents, businesses and tourism	FOIA	Residential \$19.618 Commercial \$41.629	
Syracuse, NY	"Good For Business, Good For Life"	Onondaga County Economic Development office which promotes not only Syracuse City but the surrounding towns in the county. Marketed towards both businesses and also new residents	N/A	\$34.00	City Dept. is a recent merger of other city depts. Both City and County offices have recently co-located office to maximize communication
Dayton, OH	"Dayton Patented"	Developed for both Dayton's City Convention Bureau and Economic Development to create unified message about innovation in Dayton. Refers to city history of high per capita of patents and current innovative economy	\$190,000 to initially develop	\$61.55 (County only)	
Chattanooga, TN	"Chattanooga Can Do" AND "The Attraction's Only Natural"	Spear headed by the Chamber of Commerce, both brands were designed to work together to attract both business and tourism. "Can Do" speaks to a history of economic innovation as well as the current climate of innovation and knowledge-based economies	\$9 million over 4 years	\$50.96 (\$22.02 City/ \$28.94 County)	Economic Dev. Office is jointed funded by both the City and Chamber of Commerce, Office is located in the Chambers Office. Marketing is funded by Chattanooga Tell the World Effort a non-profit
Arlington, VA	"National History, Local Flavor"	Cultural Affairs Division, Administration & Marketing Program, to promote the county as an innovative community that values that arts, also used by Travel and Tourism Promotion Fund to promote tourism.	\$2.4 Million (combined for both depts.)	\$8.75	Arlington is technically a County, not City. County Manager/Board gov.is similar to Manager/Council Municipal Gov. Low tax rate offset by higher Income and Sales tax
Stamford, CT	"The City that Works"	Lobbying in both state capital and Washington DC to attract investment	\$200,000 per year	\$17.17	Half of yearly operating budget committed to consultant fees for lobbying groups in DC and Hartford

Branding Analysis of Comparable Cities Nationwide - Page 2
Mayor's Task Force on Job Growth and Business Retention

City	Brand	Marketing of Brand	Branding/ Marketing Budget	Property Tax Rate: per \$1000 assessed	Miscellaneous Notes
Newark, NJ	"Our Newark: Building a Stronger, Safer, Prouder City"	Developed to draw attention to current "Renaissance" or revival of city and used to distance itself from recent negative history and "Brick City" image	N/A	\$27.39	
Brockton, MA	"The City of Champions"	N/A	N/A	Residential: \$13.77 Commercial: \$28.24	
Fitchburg, MA	"Discover Fitchburg - A City for All Seasons"	This brand is used by the Redevelopment Authority and Fitchburg Cultural Alliance to draw attention to the City's diversity of strengths	N/A	Residential: \$14.44 Commercial: \$20.13	
Fall River, MA	"Fall River Now: Building 21st Century Prosperity"	A joint marketing of this brand is done by the Economic Development and Chamber of Commerce to both promote tourism and business investment. Used also with "Pride CityWide" to stress a high quality of life in City.	N/A	Residential: \$9.04 Commercial: \$17.50	Office of Economic Development is run as a private non-profit. This non-profit was established by City of Fall River, (1978)
Lowell, MA	"Alive, Unique, Inspiring"	Brand marketed by the City Government to attract tourists, residents and small business through a new website with testimonials and listing of resources	N/A	Residential: \$13.27 Commercial: \$27.46	
Providence, RI	"Creative Capital"	Used by city and develop with area partners to stress the creative business and arts community currently in the City and the also its State Capital status. The hope is to attract further arts and thought based industries to the City.	\$100,000 to initially develop	Residential: \$23.70 Commercial: \$28.00	

Tax Rates in Gateway Cities

Municipality	Residential Tax Rate	Commercial Tax rate	CIP Shift	FY09 CIP Value	FY09 Total Value	Residential & Open Space % of Total Value	CIP % of Total Value	Lowest Residential Factor Allowed	Residential Factor Selected
FALL RIVER	\$ 9.04	\$19.79	1.750	\$ 1,318,833,406	\$ 6,429,439,920	79.4876	20.5124	0.806457	0.806457
LAWRENCE	\$ 10.70	\$22.62	1.750	\$ 650,488,163	\$ 3,482,154,660	81.3194	18.6806	0.827710	0.827711
LOWELL	\$ 13.27	\$27.46	1.750	\$ 1,103,379,980	\$ 7,028,422,911	84.3012	15.6988	0.860333	0.860333
NEW BEDFORD	\$ 12.03	\$24.87	1.750	\$ 1,097,150,165	\$ 6,594,831,510	83.3635	16.6365	0.850325	0.850325
WORCESTER	\$ 15.15	\$33.28	1.750	\$ 2,321,216,800	\$ 12,137,258,500	80.8753	19.1247	0.822647	0.822647
HOLYOKE	\$ 14.98	\$36.54	1.730	\$ 638,424,062	\$ 2,197,306,051	70.9451	29.0549	0.692844	0.701036
PITTSFIELD	\$ 14.20	\$29.41	1.725	\$ 697,737,208	\$ 3,454,552,912	79.8024	20.1976	0.810179	0.816506
BROCKTON	\$ 13.77	\$28.24	1.700	\$ 1,426,501,180	\$ 7,174,223,590	80.1163	19.8837	0.813861	0.826270
SPRINGFIELD	\$ 19.50	\$39.25	1.642	\$ 1,756,551,710	\$ 7,241,274,580	75.7425	24.2575	0.759803	0.794391
HAVERHILL	\$ 12.76	\$21.31	1.500	\$ 950,962,837	\$ 5,957,411,257	84.0373	15.9627	0.905026	0.905026
FITCHBURG	\$ 14.44	\$20.13	1.350	\$ 448,308,742	\$ 2,673,490,274	83.2313	16.7687	0.899264	0.929485

Source: MA Department of Revenue, Division of Local Services, "2009 CIP Shift and Amounts Shifted."

Tax Rates in Central Massachusetts

Municipality	Residential Tax Rate	Commercial Tax rate	CIP Shift	FY09 CIP Value	FY09 Total Value	Residential & Open Space % of Total Value	CIP % of Total Value	Lowest Residential Factor Allowed	Residential Factor Selected
LEICESTER	\$ 11.73	\$11.73	1.000	\$ 104,778,668	\$ 1,058,270,553	90.0991	9.9009	0.945055	1.000000
LEOMINSTER	\$ 13.82	\$13.82	1.000	\$ 811,471,469	\$ 3,881,011,364	79.0913	20.9087	0.867819	1.000000
MILLBURY	\$ 13.46	\$13.46	1.000	\$ 298,146,510	\$ 1,498,761,215	80.1071	19.8929	0.875835	1.000000
PAXTON	\$ 16.30	\$16.30	1.000	\$ 23,437,879	\$ 539,663,779	95.6569	4.3431	0.977298	1.000000
SHREWSBURY	\$ 10.31	\$10.31	1.000	\$ 594,881,589	\$ 4,964,954,110	88.0184	11.9816	0.931937	1.000000
HOLDEN	\$ 14.80	\$14.80	1.000	\$ 118,720,040	\$ 1,985,104,400	94.0195	5.9805	0.968195	1.000000
GRAFTON	\$ 12.43	\$12.43	1.000	\$ 199,342,130	\$ 2,315,463,331	91.3908	8.6092	0.952899	1.000000
WEST BOYLSTON	\$ 15.17	\$15.17	1.000	\$ 187,004,540	\$ 916,800,922	79.6025	20.3975	0.871878	1.000000
WESTBOROUGH	\$ 16.98	\$16.98	1.000	\$ 1,439,368,624	\$ 3,600,937,940	60.0279	39.9721	0.667053	1.000000
NORTHBOROUGH	\$ 14.38	\$14.38	1.000	\$ 538,270,770	\$ 2,488,343,970	78.3683	21.6317	0.861986	1.000000
AUBURN	\$ 14.24	\$24.06	1.541	\$ 579,605,705	\$ 2,079,966,364	72.1339	27.8661	0.753567	0.791101

Source: MA Department of Revenue, Division of Local Services, "2009 CIP Shift and Amounts Shifted."