



Newburyport
Office of
Economic
Development

Newburyport Economic Report

June 5, 2007

Submitted to the
Newburyport City Council
&
Greater Newburyport Chamber of Commerce
Economic Development Committee



Newburyport

Innovation and Opportunity . . .at water's edge.

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I. FY 2007 Report by Newburyport Office of Economic Development

Deliverables based on
ESSENTIAL DUTIES AND RESPONSIBILITIES
per contract

Duty 1 - Develop and implement short and long term economic development strategies, public/private partnerships for development, and business assistance programs for existing and prospective businesses. Recommend adjustments in programs, activities, policies and procedures to further economic development goals.

Action 1: Developed and published marketing materials

Action 2: Developed and implemented marketing plan

Action 3: Created partnership with three NBPT community banks to establish the Newburyport Opportunity Loan Program (NOLP) to assist NBPT-businesses grow.

Action 4: Created Newburyport Emerging Futures Fund to support innovative, community-based economic development programs in NBPT.

Action 5: Marketed city's participation in the Chapter 43D Expedited Permitting Program. Negotiated with owners of two properties to participate in the program. In-process in the Planning and Development Office.

Action 6: Created the Newburyport Adams Challenge Grant programs to support innovative economic development activities among Newburyport community-based organizations.

Action 7: Launched new Newburyport economic-development web-site www.newburyportbusiness.com to serve as a clearing house for economic development-related activities in Newburyport.

Duty 2 - Provide assistance and support to local businesses in communicating with City departments and navigating local permitting processes.

Action 1: Provided assistance to Bradford & Bigelow to assist in the resolution of zoning issue in regard to parking at its new Perkins Way facility.

Action 2: Assisted Bixby International seek preventive flooding assistance through submission of hazard mitigation funds from MEMA/FEMA.

Duty 3 - Work with City departments and the Mayor to streamline and increase the accessibility and transparency of permit and licensing processes.

Action 1: Marketed city's participation in the Chapter 43D Expedited Permitting Program. Negotiated with owners of two properties to participate in the program. In-process in the Planning and Development Office.

Action 2: Advocated changing zoning in the Parker Street lower Henry Graf area of the I1 area to accommodate additional uses including corporate headquarters, research & development, and commercial office. In-process in the Planning and Development Office.

Duty 4 - Develop and implement marketing strategies for business attraction, expansion and retention.

Action 1: Conducted in-depth study of NBPT and Essex County economic trends and industry activity.

Action 2: Designed and published marketing materials for NBPT based on identified industry strengths.

Action 3: Developed an implemented targeted marketing campaign using print advertisements in the Boston Business Journal and direct mail.

Duty 5 - Act as the City's economic development liaison, establishing and maintaining partnerships with the local, state and federal agencies and groups that can help facilitate and implement programs and activities aimed at the City's economic development.

Action 1: Convened an economic development "quick consult" with representatives of the Massachusetts Office of Business Development (MOBD), Massachusetts Alliance for Economic Development, Dacon Corporation, and the BSG Group, to evaluate targeted marketing campaign for the Dexter park.

Action 2: Worked with the Massachusetts Emergency Management Agency on submission of hazard mitigation grant application to provide flooding prevention in Preble Road area.

Action 3: Convened regular meetings with MOBD regional staff on potential company prospects for NBPT.

Duty 6 - Establish and update a community profile and real estate inventory to include gathering data on businesses and community demographics; available development sites; industrial and commercial buildings; land costs and lease rates; transportation facilities; labor market; long and short term financing; utilities; education opportunities and other related community information.

Action 1: Conducted in-depth study of NBPT and Essex County economic trends and industry activity.

Action 2: Designed and published marketing materials for NBPT based on industry strengths.

Duty 7 - Develop and implement creative methods to recruit businesses and stimulate locally owned new business to reduce vacancy rates in various parts of the community.

Action 1: Created partnership with three NBPT community banks to establish the Newburyport Opportunity Loan Program (NOLP) to assist NBPT-businesses grow, as well as the Emerging Futures Fund and Adams Challenge Grant program.

Action: Developed active target list for outreach including life sciences companies, precision instrumentation, defense technology, and marine technology.

Duty 8 - Develop reports and present information to the Mayor and other City departments, various community groups, businesses, and agencies/organizations on economic development issues.

Action 1: Developed and submitted to the City Council's Planning and Development Committee new Tax Increment Finance (TIF) guidelines to guide the city in future TIF negotiations.

Action 2: Formal presentations have included:

9/14/07: Workforce Training Fund Seminar in Dexter

10/17/06: Dexter Industrial Green Group

10/19/06: NBPT International Business Coalition

2/01/07: Newburyport Chamber of Commerce, monthly breakfast meeting

Action 3: Monthly presentation representing the city at the NBPT Chamber's Economic Development Advisory Committee.

Duty 9 - Conduct research into emerging labor market and other economic trends and match business attraction strategies appropriately.

Action 1: Conducted in-depth study of NBPT and Essex County economic trends and industry activity.

Action 2: Added additional NBPT-specific information based on newly available 2006 state statistics.

Duty 10 - Coordinate efforts with business and community organizations, educational and research institutions and other City departments.

Action 1: Attend meetings of NIBC, NEBC, SEED, and other groups.

Action 2: Consulted with Planning and Development Office on CDBG submission.

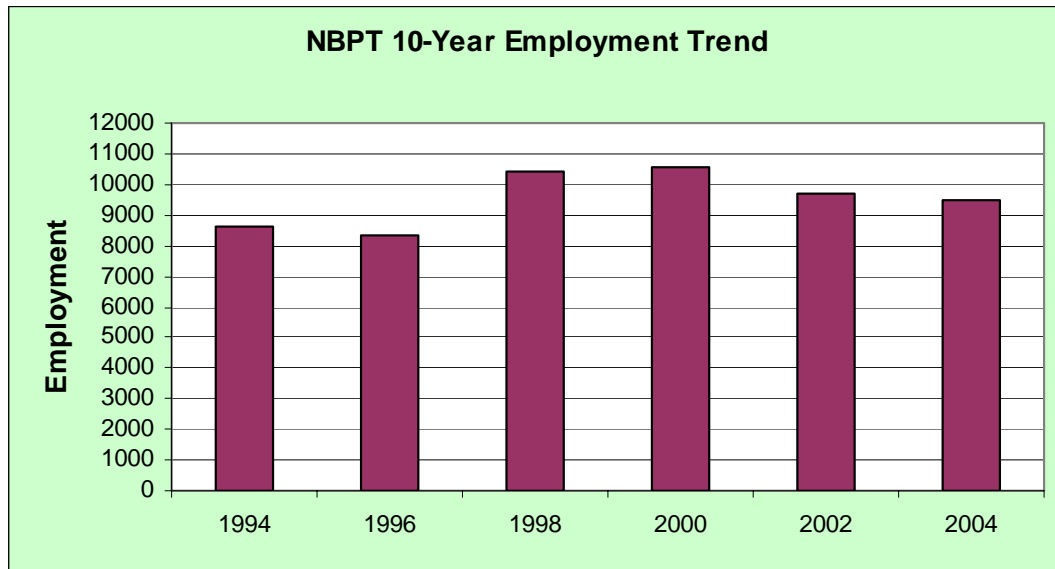
Action 3: Created partnership with three NBPT community banks to establish the Newburyport Opportunity Loan Program (NOLP) to assist NBPT-businesses grow.

II. Newburyport Economic Performance: 1994-2004

Newburyport has sustained itself well economically considering overall Massachusetts trends in the period of 1994-2004. Massachusetts has lost population and jobs over the past decade. Trends in Newburyport reflect this statewide reality.

Between 1994 and 2004, however, Newburyport actually increased employment by about 8.5%, some 888 jobs. But, our 2004 employment of 9,482, is down 900 from the year 2000 high of 10,543 workers.

Chart A: 10-year Employment Trend

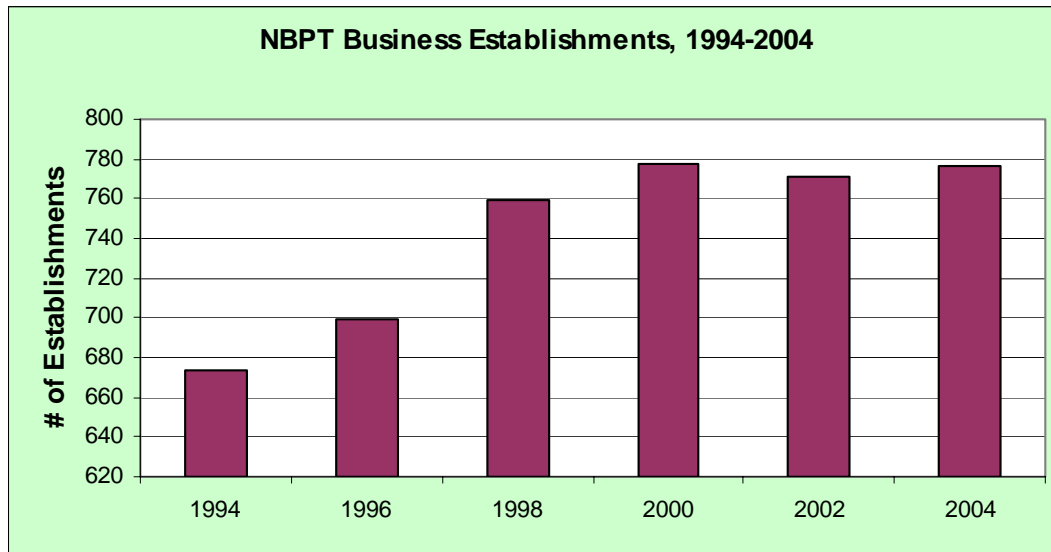


Year	1994	1996	1998	2000	2002	2004
Employment	8594	8371	10,386	10,543	9,719	9,482

But, we have to be aware of the erosion of traditional manufacturing in Massachusetts. For the manufacturing sector to remain an important Newburyport taxpayer, we need to sustain emerging, knowledge-based, high-tech industries in the community.

As Chart B shows the number of business establishments has grown by about 100 over the 1994-2004 period, indicating that more workers in Newburyport work for smaller businesses than they did a over a decade ago.

CHART B: Increasing Business Establishments in Newburyport



Year	1994	1996	1998	2000	2002	2004
Business Establishments	674	699	759	778	771	776

Table A, below, displays which industries gained and which lost in terms of number of establishments in Newburyport for the period of 1998-2004. “Professional, scientific, and technical services” increased by 28 establishments, the largest increase recorded among major industry sectors. Manufacturing held its own, declining by one establishment during the same period.

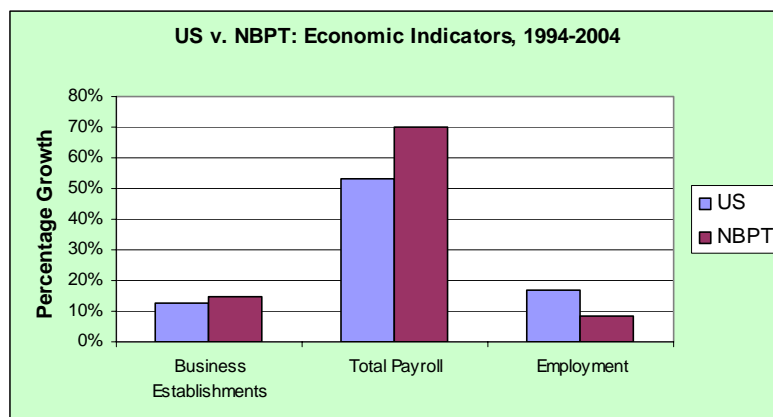
Table A.

1998-2004 NBPT Business Establishments Trends

	1998	2000	2002	2004	Change
Construction	43	42	37	50	7
Manufacturing	73	73	69	72	-1
Wholesale trade	46	43	45	49	3
Retail trade	121	129	127	128	7
Transportation & warehousing	9	10	10	11	2
Real estate & rental & leasing	20	24	28	29	9
Professional, scientific & technical servi	96	97	121	124	28
Health care and social assistance	83	86	90	83	
Arts, entertainment & recreation	23	21	23	23	
Accommodation & food services	60	61	60	59	-1
Information	16	16	15	13	-3
Finance & insurance	38	39	39	34	-4
Other services (except public administration)	72	65	64	60	-12

Chart C shows how Newburyport performed when compared to the nation as a whole in terms of growth in establishments, total payroll, and employment. In the 1994-2004 period, total Newburyport salaries increased by 56%, 12 percentage points above the nation’s increase of 44%. So, our jobs have grown value during this period. Newburyport’s growth in business establishments was also greater than the nation’s, though employment growth was 7 points below the national growth rate of 16%.

Chart C: Newburyport Performance Indicators



In many ways, then, Newburyport has done well over the past ten years or more. However, to sustain and grow economic prosperity locally, a number of challenges exist.

III. Understanding Regional Industry Strengths

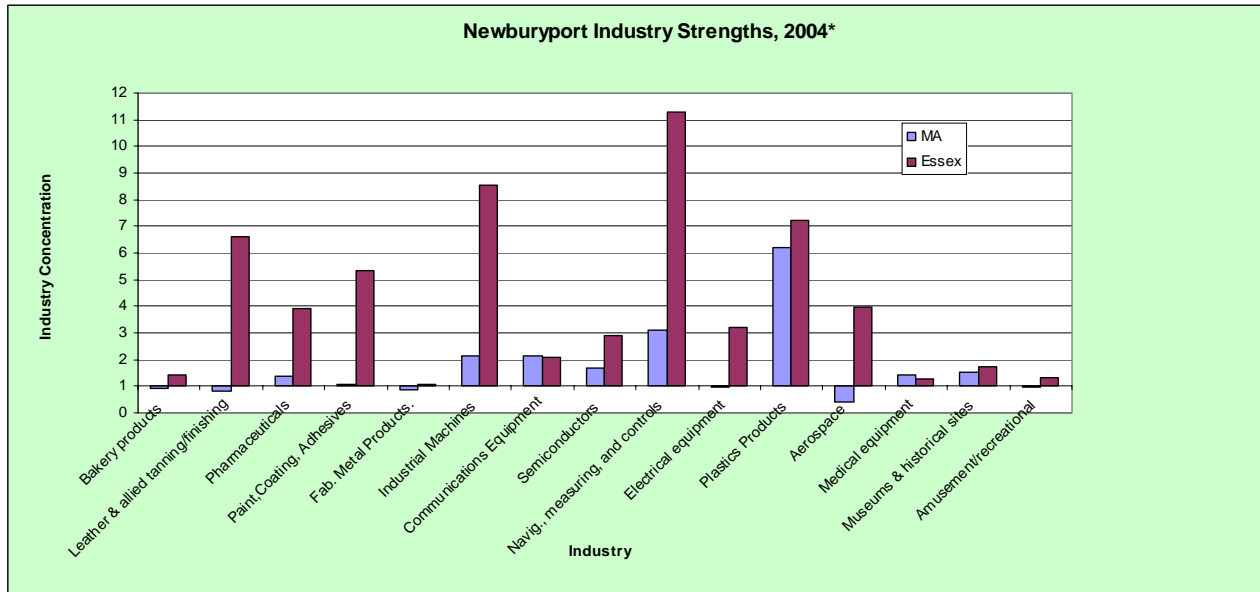
To determine how to strengthen an economic region, one must have an understanding of the strengths and weaknesses of key industrial clusters in the region. In determining industrial strengths and weaknesses, we can discern which industries are better bets for the future in the region and may be worthy of local incentives. With limited resources for marketing, for example, it makes much more sense to target growth industries rather than those in decline.

For economists and economic development professionals, the well-hewn tools exist to measure the strengths of industries in a region. A Location Quotient (LQ) uses employment data collected by the state and federal government on a monthly basis to determine the concentration of an industry in a county. An industry with a concentration in a region that is higher than that industry's concentration nationally, is considered to have a competitive advantage in that region. The higher the concentration of that industry, the greater the competitive advantage. In a nutshell, a high industry concentration infers a workforce that is skilled in a particular technology or technologies and the existence of know-how around a particular industry that benefits innovation and productivity.

The bio-tech research and development industry in the greater Boston area, for example, is almost unrivaled by any other comparable area in the world. Westfield, Massachusetts was once called the buggy-whip capital of the world. Buggy-whip manufacturing has seen better times. Biotechnology is growing rapidly. In determining what an area's strong industries are and what industries are growth versus declining industries, a region can, at least, attempt to target industries through public policy in the hope of adding as much value as possible to a regional economy.

Chart D provides the results of just such analysis. Using County Business Patterns data collected monthly by the U.S. Bureau of Labor Statistics and the U.S. Census Bureau (2004), the Newburyport Office of Economic Development identified industries with high concentrations in Essex county, that have representation in Newburyport.

Chart D. High Concentration Industries in the Newburyport Industry



Each of the industries shown has a Location Quotient (LQ) of greater than 1.0. This indicates that the industry enjoys a high concentration in the region compared to the national concentration. Data for the industries is gleaned by way of the North American Industry Classification System (NAICS). For Essex County, the NAICS code for “Navigation, Measuring, and Controls”, is extremely high at 11.2, which demonstrates a dominant industry concentration. “Semiconductors”, at 2.9, is also a significant concentration.

However, while a high LQ connotes a competitive advantage for an industry operating in a region, it does not necessarily mean that an industry is in a unchallengeable position of strength. LQ analysis gives us a snapshot at a particular moment of time. Through the use of another tool of economists - shift-share analysis – we can determine which high concentration industry is growing, gaining a greater share of the national industry, and which industry is declining, or, losing share of the national industry.

Table B shows the results of the shift-share analysis thus far undertaken by the Newburyport Office of Economic Development. The analysis shows something of a different picture than that shown solely by the Location Quotient analysis.

For example, while “Printing”, “Electrical Equipment”, and “Aerospace” manufacturing each have high concentrations in Essex, each industry is losing industry share. Indeed, not only are they losing share of the national industry, they are losing jobs in the area. For the period between 2000 and 2004, “Communication Equipment Manufacturing”, for example, lost 4,229 jobs and declined in its share of the national industry. Semiconductor Manufacturing similarly lost some 2,452 jobs in the region in the same period. In both cases, the decline of the industry in the region exceeded what shift-share analysis would have *predicted* for the region considering national industry trends. In other words, as is shown in the last column of Table B, more high concentration industries in the region did *worse* than analysis predicted than did better.

Table B.**Essex County Performance by Industry, 2000-2004**

Industry	Essex Employees	Location Quotient (Over 1.0 indicates comparable industry strength)	Increase (U) or Decrease (D) in Industry Concentration	Increase or Decrease in Employees, 2000-2004	Analysis-Projected Increase or Decrease	Performance versus National Industry Trend
Bakeries mfg.	1,049	1.4481	Down	(62)	25	Worse
Leather & allied tanning/finishing	127	6.6072	Up	(48)	(75)	Better
Printing	1,108	0.6882	D	(394)	(274)	Worse
Synthetics	175	0.7791	D	(200)	(69)	Worse
Pharmaceuticals	2,309	3.9208	U	963	98	Better
Paint,Coating, Adhesives	843	5.3317	U	236	(83)	Better
Fab. Metal Prdt. Mfg.	3,869	1.0684	D	(1,275)	(845)	Worse
Ind. Machine mfg.	2,778	8.5227	U	(629)	(909)	Better
Comm. Equip. mfg.	750	2.0746	D	(4,229)	(2,094)	Worse
Semiconductors & other	2,602	2.9118	D	(2,452)	(1,799)	Worse
Navig., measuring, and controls	10,832	11.2880	U	5,039	(813)	Better
Electrical equipment	1,055	3.1785	E	(484)	(481)	Worse
Plastics Products	1,773	7.2196	E	(43)	(145)	Better
Aerospace	3,550	3.9843	D	(3,950)	(1,312)	Worse
Ofc. Furniture & millwork	175	0.4972	U	-	(31)	Better
Medical equipment	925	1.2528	E	(6)	4	Even
Misc. store retailers	2,046	1.0389	E	(244)	(93)	Worse
Museums & historical sites	490	1.7243	U	91	27	Better
Amusement/recreational	4,277	1.3036	E	91	262	Worse
Accomodations	1,564	0.3545	D	(954)	167	Worse
Hotels & motels	1,532	0.4555	D			

* Location Quotients greater than 1.0 indicate greater concentration of the industry in the region versus the nation - indicating a competitive advantage.

Notable industries that have high LQs and that *gained* share of the national industry in the period between 2000-2004 are Pharmaceuticals, Paint/Coating/Adhesives, and Navigation/Measuring/Controls. Industrial Machine and Plastics Products Manufacturing decreased in employment in the region but still exceeded projections and gained share of national industry, speaking in part to the demise of these industries nationally.

Additional analysis has been conducted by the Newburyport Economic Development Office on the non-manufacturing, export sectors. Table C provides data for those non-manufacturing, export industries that have high concentrations. While the OED has not completed a shift-share analysis for these industries, Table C at least provides us a snapshot of additional industries in which the region has strength.

Table C.**Non-Manufacturing High-Concentration Industries in Essex County, 2004**

Finance	Employees	LQ
Savings Institutions	2395	4.023341
Activities Related to Credit Intermediation	1373	1.674883
Mortgage and Nonmortgage Loan Brokers	380	1.148915
Financial Transactions Processing, Reserve, and Clearinghouse Activities	966	3.389995
Other Financial Investment Activities	586	35.63797
Miscellaneous Intermediation	65	3.953017
Claims Adjusting	183	1.957741
Services		
All Other Professional, Scientific, and Technical Services	425	2.058334
Industrial Design Services	30	1.189616
Graphic Design Services	176	1.223299
Other Specialized Design Services	31	1.775312
Information		
Web Search Portals	55	2.047588
Wholesalers		
Other Commercial Equipment Merchant Wholesalers	159	1.382303
Medical, Dental, and Hospital Equipment and Supplies Merchant Wholesalers	547	1.656791
Other Professional Equipment and Supplies Merchant Wholesalers	297	3.688833
Industrial and Personal Service Paper Merchant Wholesalers	328	1.744772
Women's, Children's, and Infants' Clothing and Accessories Merchant Wholesalers	237	1.317949
Footwear Merchant Wholesalers	253	4.446068
Packaged Frozen Food Merchant Wholesalers	336	1.606808
Fish and Seafood Merchant Wholesalers	279	5.185811
Chemical and Allied Products Merchant Wholesalers	460	1.359999
Plastics Materials and Basic Forms and Shapes Merchant Wholesalers	132	1.519243
Other Chemical and Allied Products Merchant Wholesalers	328	1.304952

The Location Quotients in Table C show a high concentration in financial services especially. Indeed, Newburyport has a strong banking presence and a large number of financial service entities. The city also has a strong presence of entrepreneurs engaged in foreign trade and provision of export services, as is suggested by the vitality of the Newburyport International Business Council (NIBC). The strong financial services presence, in addition to other services such as graphic design, provide opportunities for the City to exploit in marketing the community to other target industries.

Research in economic development reveals that businesses in export industries make locational decisions based on many factors. At one time, location in relation to natural resources or to markets or to particular types of infrastructure were critical factors. Today, those factors are less significant, as the speed of the global economy have made proximity to resources and markets less important. Most research today reveals that the greatest factor in a locational decision for manufacturing, research and development, and financial and scientific service industries is the availability of a workforce with skills to meet specific industry needs. Cost of doing business, availability of land, buildings, and/or capital, access to infrastructure assets, and to state and local business incentives

are all factors in locational decisions, but the availability of an appropriate workforce is generally paramount.

One of the most important determinants of where a business may locate or grow-in-place, then, is the very concentration of that businesses industry in a region. The analysis of industry concentration, therefore, is a key tool in identifying to what industries a community should aim its marketing efforts.

Our analysis shows the following as strong target industries – with high industry concentrations.

<u>Manufacturers</u>	<u>Non-Manufacturing</u>
Plastics (1,773 employees in Essex County)	Financial Services
Advanced Instrumentation (10,832)	
Electrical and Computer Components	Industrial and
Life Sciences: BioPharma (2,309) &	Specialized Services
Medical Devices (925)	
Industrial Machines (2,778)	R&D Engineering and Life
Fabricated Metal Products (3,869)	Sciences
Semiconductors (2,602)	
Aerospace (3,550)	

While our research showed some of these industries losing share nationally, it is undetermined whether this lost share is a permanent trend or a brief cyclical episode. Regardless, the high concentration still indicates a competitive advantage for that industry, as it reflects the presence of a desirable workforce with industry specific skills.

Industries showing the most promising indicators for the region and Newburyport are those with high concentrations and growing industry share. The Life Sciences cluster, especially biotechnology research and development and pharmaceutical manufacturing, and what we refer to as Advanced Instrumentation (which includes the “Navigational, measures, and controls” industry code) show the most promise for the area. Plastics and Paints/Coating/Adhesives manufacturing also appear strong, as do various Financial Services.

IV. Getting Greater Value out of the Dexter Green

Commercial and industrial property-tax payers account for approximately 14% of Newburyport’s revenue. Despite a successful downtown and the existence of a substantial industrial park, which combined with its adjacent industrial zoned area consists of over 1.5 million square feet of buildings, this segment of the tax base accounts for too little of the city’s tax revenue.

With recent acquisitions by New England Development in the downtown, speculation suggests that an already successful downtown will be the recipient of additional investment. These prospective investments will need to be made in a thoughtful manner, so that the community may maintain its unique character and continue to be a comfortable home for its residents. Downtown Newburyport

is a success story. Local actions regarding new investments will be informed by public policy intent on welcoming such investment while preserving what is best for its residents.

Industrial properties in Newburyport, centered at the Dexter Industrial Green, have also seen some recent investment, highlighted by a new headquarters for Rochester Electronics and substantial renovations of an aggregate 200,000 square feet of buildings by Mark Richey Woodworking and Bradford & Bigelow. These investments are welcomed, especially since many buildings in the Dexter and adjacent areas are approaching the outer range of their utility. The average age of industrial buildings in the Dexter and the industrial area immediately adjacent to the park is 22.6 years, *excluding* two buildings constructed in 1678 and 1890. Twenty-two years old is young in the residential world, but pushing middle-age for many industrial buildings.

Industrial buildings are generally designed for a special purpose or operation and usually cannot be used for other purposes. An industrial building will maintain value as long as the building's purpose is still a vital operation. If the operation becomes obsolete, the building will also become obsolete.

Several older buildings in the industrial area are nearing obsolescence as the purpose of their designs has come and gone. Smaller industrial buildings, once appropriate for smaller machine shops, for example, have little use as manufacturing spaces today. While larger industrial buildings, because of sheer size, are generally more able to be adapted to new industrial uses. Such was the case for both the Mark Richey and Bradford & Bigelow buildings, though their adaptations (and environmental remediations) for new uses came at no small cost for their new owners.

The upper limit of the industrial building's value is the building's replacement cost new. The building's present day value is a measure of the building's present day usefulness in relation to the purpose for which the building was originally designed.

There are two types of "incurable functional obsolescence". One type is measured by the cost of excess construction or cost that creates over-adequacy of the building. This type of incurable functional obsolescence is measured by the difference between reproduction cost and replacement cost. For example, if an industrial building in the Dexter was constructed in 1967, containing 100,000 square feet, could be replaced in 2007 by a building with the same utility but containing only 60,000 square feet, the cost of the extra 40,000 square feet would be excess cost for which a prudent buyer would pay nothing extra.

In the Dexter and immediate industrial area, replacement costs are, on average, \$455,000 less than assessed building values. Between replacement value and assessed value, the difference ranges from a low of 6% lower replacement value (the new Rochester Electronics headquarters building) to 48% (a building constructed in 1983). While some older buildings have greater replacement values (as a percentage of assessed value) than some younger counterparts, generally, the older the industrial building the greater the discrepancy between replacement cost and assessed value. This is reflected in recent sales of industrial properties in Newburyport. In almost every case, sale prices are far below assessed valuations.

The second form of incurable functional obsolescence is due to excess operating expenses. Operating a facility in which the building design causes operating inefficiencies means that the occupant will pay excess operating expenses. The penalty for additional expenses, unlike excess

construction cost, is not measured by the cost of construction but by the increase in operating expense of the subject over the replacement. If a region's industrial properties market is slow, with numerous buildings available, there is little need to consider a building with an inefficient design.

In summary, while new investment has occurred in Newburyport's industrial area, one-third of all properties were built prior to 1980 and only one out of four has been built in the last two decades. Our industrial buildings are ageing. Our industrial area needs new investment to increase property valuations (therein raising revenue for the city), attract strong industries, and provide new job opportunities for area residents.

In order to drive new investment to the industrial area, Newburyport can: 1) utilize the Economic Development Incentive Program, which can promote new investment through the provision of state investment tax credits and a local property tax exemption on some portion of new property valuations, 2) improve marketing of the industrial area of Newburyport so that it is seen as a destination for the state's emerging and growing industries, and 3) improve the city's ability to support prudent new development and redevelopment through the adoption of an expedited permitting process. In order to effectively offer the use of the EDIP program to worthy projects, the City: 4) utilize the Tax Increment Finance (TIF) Guidelines developed by the Newburyport Economic Development Office and approved by the City Council's Planning and Development Committee. These guidelines: a) identify what type of opportunities should be considered for the use of the EDIP program and b) provides a scoring system to determine a acceptable range of benefits to be provided to the project.

Leveraging Greater Investment in Industrial Area

1. Prudent use of Economic Development Incentive Program,
2. Continued marketing of Newburyport as a destination for growing industries,
3. Implementation of expedited permitting to support desirable new investments,
4. Utilization of new TIF Guidelines.

V. Capacity for Economic Development

Knowing better our area industry strengths and weaknesses and the challenges we face in our industrial areas, how do we market to the industries that seem our best bets? Do we have the capacity to host expansions of businesses already here or those seeking to move here?

The answer is yes and no.

The Dexter Industrial Green and adjacent industrial area includes over 200 acres of largely developed land. Because of limited lot sizes, Newburyport would be unable to receive a manufacturing project greater than 100,000 square feet (at one story). The largest manufacturing buildings in the Newburyport are the Mark Richey Woodworking, Bradford & Bigelow, Bixby International, and Alden-Merrill buildings. These buildings are at or close to the development limits of their parcels. Therefore, they represent the high end of size for manufacturing in Newburyport.

Newburyport, therefore, is not in the game for the largest manufacturing opportunities that appear in New England. However, Newburyport could support moderate-range opportunities of 30,000 to 70,000 square feet. Realistically, only one or two undeveloped parcels in the Dexter could meet the upper level of those specifications. However, several lots with older buildings are available or may be in the future. This raises an important issue for Newburyport. As noted earlier, many of our industrial buildings are near or at the age of obsolescence. However, as many recent sales in the industrial area have been below assessed value, owners face a dilemma. As a property owner, one wants to sell at the highest price. As the market is currently undervalued, it makes some sense for the owner to wait for better times to sell or, for that matter, make significant improvements in a property. In such a market, landlords may be tempted to lease out as much property to tenants who do not seek significant improvements. For Newburyport, this could mean a prolonged period of disinvestment in our industrial area. With disinvestment, property values stagnate and property tax revenue is sluggish.

An option for Newburyport, then, is to market our industrial sites to commercial developers which are active in Massachusetts in redevelopment of commercial/industrial properties. As NAID no longer exists and with no other entity actively marketing the park as a destination, it has fallen on the City to take on that role. Marketing our industrial properties to active developers, is a prudent step. Green fields development, literally the development of undeveloped land, is becoming less and less an option for commercial developers. *Redevelopment* of industrial and commercial properties, with its emphasis on Smart Growth and sustainability, will be the development mode in future years. There is no time like the present, therefore, for Newburyport to market its developed, but under-utilized industrial sites for redevelopment.

Targeting Commercial Developers

Market Newburyport industrial properties to active commercial developers in the region, to foster sustainable redevelopment.

Other Redevelopment Obstacles

The targets then for Newburyport have been identified. Ideally, we seek responsible companies that represent the industrial clusters that are growing in Massachusetts and New England. These companies demand a skilled workforce and pay competitive salaries. In addition to these ideal companies, we seek new investment in or community from the active commercial development sector of the region. These are developers that view redevelopment of commercial properties as the future of their industry and see the many opportunities in Newburyport – access to commuter rail, presence of innovative industries, highway infrastructure and strong quality of life – as critical factors in making their development choices. But, if they come, can we properly meet their redevelopment needs? Currently, two issues present obstacles to the ideal redevelopment we seek.

Zoning

In the “Dexter Green II” area, binding covenants are in place which require property owners to meet certain obligations, like landscaping, shielding of parking areas, and use of preferred building

materials. In addition the covenants also restrict dimensions of buildings, in much the same way as city zoning. However, while variances can be sought for relief from city zoning restrictions, no such avenue was available recently to property owners needing relief from covenant restrictions, as NAID no longer existed to grant such relief. In effect, any owner seeking to expand beyond covenant lot coverage or height restrictions was unable to do so because NAID no longer existed to grant waivers. Home Made Brand Foods was in just such a position over the past year. The remedy was the reconstitution of NAID to meet such needs in the younger Dexter II area of the park. In the older section of the Dexter, the NAID covenants have expired.

City zoning for the Industrial 1 area may also be seen as an inhibitor to the redevelopment of properties in our industrial areas. Current I1 zoning restricts height at 35 feet for most uses. A prudent course for Newburyport would be to reconsider some of its I1 zoning requirements to accommodate opportunities requiring greater height and different uses.

Table 4 presents a cross-walk comparing the dimensional restrictions of the Dexter Green to those in city zoning for industrial areas.

Table 4. Dimensional Requirement Crosswalk

	Dexter Covenants	City of Newburyport - Dimensional Restrictions			
	Dexter II	Manufacturing and Light MFG	R&D	Industrial Service	Corporate HQ
Lot Area	100,000	50,000	50,000	50,000	120,000
Frontage	250	200	200	200	200
Maximum Height '	50	40	35	35	40
Maximum Lot Coverage %	30%	40%	40%	30%	40%
Front Setback '	60	50	60	60	50
Side Setback '	50	50	50	50	50
Rear Setback '	60	50	60	60	50
Parking Spaces	0.50 per employee	0.75 per employee + 1	0.75 +1	0.75+1	0.75+1

Permitting

Like most other communities in Massachusetts, Newburyport relies on a planning board, zoning board of appeals, and conservation commission consisting of dedicated citizen volunteers. Despite this, however, Newburyport does not currently enjoy a reputation for a customer-friendly permitting process. Two recommendations in this area are the enrollment of board members in Citizen Planner Training Collaborative (CPTC) courses and the entrance of the city into the state’s new Chapter 43D Expedited Permitting program.

Through an annual administered curriculum offered through a series of training courses the Citizen Planner Training Collaborative provides local planning and zoning officials with tools to make effective decisions regarding their community's current and future land use. The training is provided at very low cost and does not requirement a lengthy time commitment. The pay-off is board membership better enabled to make informed and timely decisions.

On August 2, 2006, Massachusetts General Law Chapter 43D was signed into law. This program offers communities a tool for targeted economic development. Under 43D municipalities are

provided a range of benefits in exchange for implementing expedited permitting processes. Municipal benefits include:

- Technical Assistance grants of up to \$150,000 - for professional staff and/or consulting services to amend local rules, regulations, by-laws to comply with 180 day permit timelin
- Access to technical assistance from MassDevelopment, MV Regional Planning Commission.
- Free marketing of Priority Development Sites by the Massachusetts Alliance for Economic Development (MAED).

In return, municipalities –

- Must identify parcel or parcels as Priority Development Sites.
- Must commit to establishing 180-day permitting process.

Participation in 43D would accomplish the primary goal of improving the city’s permitting process. In addition, Newburyport would have Priority Development Sites being actively marketed by state resources, better enabling the city to be a destination business location for the state growing industries. The Newburyport Economic Development Office has enlisted two parcels for participation as Priority Development Sites. Further action is pending through the Office of Planning and Development.

Improving Capacity for Redevelopment

- Adapt industrial zoning to accommodate new opportunities.
- Adopt Chapter 43 D provisions to expedite permitting process.

VI. Promoting the Creative and Entrepreneurial Economy

According to the most recent U.S. Census data (2004), 42.3 percent of Newburyport residents hold bachelors degrees or higher. This figure is substantially higher than the national average and five points ahead of the Massachusetts percentage. With the rapid transformation of how we conduct business in the global economy due to the advent of the internet and other advanced communications, our highly-educated residents are well-positioned to enter the economy with micro-businesses and virtual corporations. Labor market data provides some evidence of a strong professional, scientific and technical services, financial investment, and technical design service economy in the area.

Several locally-based organizations include strong participation from the city’s creative and entrepreneurial community, including the Greater Newburyport Chamber of Commerce, Newburyport International Business Council (NIBC), and the Seacoast Energy Environmental Design Coalition (SEED).

However, barriers to the expansion of the creative economy exist in Newburyport as they do elsewhere. Traditional financing, even SBA loans, are not ideally suited for the micro-business.

Venture capital has evolved toward funding later stage opportunities. There is less funding than ever available for the higher risk, ideas stage of even the best-crafted business plan.

In addition, while many of the ingredients exist for a growth of the local creative economy: highly educated workforce, substantial service opportunities with local companies, growing networking efforts, and proximity to dynamic emerging and growing industry clusters – the flashpoint for explosive growth has yet to occur. As a matter of policy, the City could continue to lend its support for the informal and formal networking efforts already underway in our creative and entrepreneurial community.

This year, the City has taken vigorous action to support these activities more directly through three new programs.

Newburyport Opportunity Loan Program (NOLP) – This is a \$600,000 loan program supported by a \$30,000 loan loss reserve provided by the city through its economic development funds. The NOLP is available at Newburyport Five Cent Savings Bank, Institute for Savings, and The Provident Bank. Through the NOLP, our own community banks will be able to extend credit enhancements to businesses that might otherwise receive needed financing.

Newburyport Emerging Futures Fund – This program will support NBPT-based projects that yield demonstrable economic value, through the creation of new jobs, leveraging new investments, or providing additional economic capacity in Newburyport. This is a competitive grant program aimed at providing an avenue for the city’s entrepreneurs, community-based organizations, and/or city departments to develop innovative projects that deliver real economic results.

Newburyport-Adams Challenge Grant Fund – This program challenges NBPT-based organizations and area higher education institutions alike, to develop and submit applications for funding from the Massachusetts Technology Collaborative’s John Adams Innovation Institute (JAII). The JAII provides significant funding for economic development projects around the state. The purpose of the Newburyport-Adams Challenge Grant is to support grant-writing efforts to obtain JAII funds for NBPT-based projects. If successful, the Newburyport Challenges Grant will draw additional investment to Newburyport through the JAII.

These three activities should help encourage more business activity in Newburyport and more collaboration among our various community-based groups and entrepreneurs.

<p style="text-align: center;">Support the Creative Economy</p> <ul style="list-style-type: none">• Support networking efforts to better connect creative cluster with leading Newburyport companies.• Promote the City’s three new programs: NOLP, Emerging Futures Fund, and Adams Challenge Grant Program.
