

## **Downtown New Bedford Inc. – October 28, 2009**

*Address by Frank Mahady, Principal, FXM Associates*

- It is a privilege to be asked to speak to you again. Apparently you have not grown weary of me, and I can wholeheartedly return the compliment. It's impressive to see the progress DNB, Inc. has made over the past two years in becoming an increasingly effective agent in the Downtown economy. Hats off to Kevin, Diane, Jeff and others for your achievements. Thanks for having me.

The last time (Frank was the featured speaker at the annual meeting two years ago) I dutifully ran out the history of revitalization efforts in Downtown New Bedford, discussed your place among other comparably-sized cities, and noted in some detail the specific findings and recommendations of our 2007 report. I think that presentation was a bit long and maybe overly ambitious.

This time I am going to try to focus on a handful of bigger themes that include the long view of many years' work in New Bedford as well as some selected findings of our most recent work.

- From the time I first became acquainted with New Bedford I have told my colleagues around the country that ***New Bedford is the biggest small city in America.***

It really began when I moved to Mattapoisett in 1978. I would take visiting friends and family to Moby Dick Marine Specialties, the Whaling Museum, the Seaman's Bethel, Carters and Saltmarsh's, plod around the working waterfront and eat at Louie's or Octavios.

My professional work in New Bedford began around the same time with the original feasibility study for Pope's Island Marina in 1978, followed shortly thereafter by two years of tutelage on the seafood and fishing industries by the iconoclast masters Howard Nickerson, Marty Manley, Jim Costakes, John Linehan and others. In writing our 1980 report for the New England Fisheries Steering Committee (headed by Mr. Nickerson), it

became clear that New Bedford was THE seafood capital of New England and the entire East Coast.

The seafood industry had survived and prospered here even as it was being diminished in all the other historic ports thanks to the vision of City leaders in creating the South Terminal Seafood Industrial Park, in creating the Harbor Development Commission to largely own and oversee the working waterfront (a huge advantage over most other New England ports), and thanks to the brains of the dealer processors and skill of the fishing fleet in focusing on delivery to selected markets of value added (cut and packaged) products of high value, low volume species. No fishing port in America, and perhaps the world, can boast of such success over the past 50 years.

**Here's a thought** – *There is no National Fisheries Museum.*

*Why not New Bedford? Maybe it's time to also celebrate the unique accomplishments of the City's seafaring traditions in the 20<sup>th</sup> and 21<sup>st</sup> centuries. If the way forward, at least in the short run, is not a single grand facility, perhaps the model of the National Park – the story told at multiple destinations integrated by a storyline and wayfaring– would be a good start. Whether physically located in the Downtown or somewhere along the Central Waterfront area, a National Fisheries Museum or similarly themed attraction(s) could draw attention and additional patronage to Downtown businesses. It could also be a source of pride to everyone involved in this vital economic engine for the City.*

*The economist in me would also add - think of what this could mean to seafood sales? When people ask me “What's a good restaurant in New Bedford?” I say “If you like seafood, they're all good.”*

*“Come here to Eat – best seafood in the World” wouldn't be a bad slogan to promote. And New Bedford can back it up.*

- There was a 20-year hiatus between that work in New Bedford and my next professional engagement which was the New Bedford/Fairhaven Harbor Plan in 1999, followed by the 2000 Economic Development Strategy for Downtown, the freight ferry terminal market study and business plan, the **Our City, Our Future** vision plan, economic impacts of dredging New Bedford harbor, economic impacts of cruise ships, the

Corson Block feasibility study, the Route 18 Feasibility and Design Study, the 2007 **Downtown Economic Development Strategy: Part II, Measuring Success**, work for private developers, most recently a market study for rehab of the Regency, the Aerovox Site Redevelopment Strategy, the South Coast Rail Economic Development and Land Use Corridor Plan, and the 2009 Downtown New Bedford Revitalization and Redevelopment Study.

We are now working on New Bedford's potential to support offshore wind energy development and specifically to develop a new cargo handling/marine highway facility at South Terminal that will outlive the short-term benefits of supporting offshore wind energy development. Our client for this work is Clean Energy Inc., an arm of the Executive Office of Energy and Environmental Affairs.

<http://www.mass.gov/?pageID=eoeeahomepage&L=1&L0=Home&sid=Eoeea>

They are determined to establish Massachusetts as a leader in clean energy, and the City is determined to be on the cutting edge of this emerging economic opportunity. The State has gotten the message that New Bedford is already ahead of the competition.

**Another Thought** – *I still think New Bedford is the biggest small City in America, only now I am better informed. Even as we bicker about petty little things – like every other municipality in every democracy in the world – grand thoughts are never far from our minds and somehow things get done that most cities only dream about. We can remind ourselves of these accomplishments and remember that New Bedford is recognized on maps of the world, and we never have to be defensive about who we are or where we've been to date.*

- Two years ago I spoke of the noteworthy accomplishments in Downtown between 2000 and 2007 – including renovation of over 500,000 square feet of commercial space – fully a third of the downtown total space inventory –and the particular successes of 10 buildings targeted in 2000 for their architectural significance and strategic locations. Our 2007 report noted a number of things still to be done in Downtown, and we made recommendations on how you might continue to progress.

The **2009 Downtown Revitalization Study** – can be found on the City Planning Department’s web site ([http://www.ci.new-bedford.ma.us/Planning/downtown\\_2009\\_study.html](http://www.ci.new-bedford.ma.us/Planning/downtown_2009_study.html) ) provides the latest “report card” from FXM’s perspective as development economists and also includes information, discussion, and recommendations on urban design, parking and open space developed by Utile, an architectural and planning firm based in Boston <http://www.utiledesign.com/>.

I encourage each of you to at least scan through that document for what might be of interest. It will take many hours to digest the whole report, and I cannot do it justice in this brief presentation. Take some time with it. I think you’ll find it worthwhile. Here’s a sample of what we at FXM consider to be highlights, but there are many other useful observations and suggestions in the report for going forward.

Jacquelyn Hallsmith of FXM served as our project manager. A New Bedford native, Jacquelyn – while working for the City before joining FXM – was responsible for obtaining the grants and project management for construction of the Mass 54<sup>th</sup> Plaza, the freight ferry terminal, for creating the New Bedford Historical Society, and for renovation of the Polly Johnson House, among her other accomplishments.

- **The Creative Economy** – not just artists and artisans but also engineers, designers, planners, business innovators – is real and growing in New Bedford.

As we have noted in the past and observe again this time around, the vacant and underutilized commercial space in solid, good looking buildings is an asset because it gives New Bedford property owners and their brokers a chance to market affordable space that can attract the creative entrepreneurs who cannot afford high-cost finishes in new buildings or in geographic areas where rents are unaffordable to them. The historic character of Downtown, proximity to the working waterfront, easy access to the regional labor market and to Boston and New York, and the potential for T-line (high speed internet) service are also significant competitive advantages.

Many of these business prospects are already in New Bedford and surrounding communities – the so-called “Hidden Tech” crowd now working at home or in their basements. In addition to providing opportunities for low cost upgrades in commercial space, the creative economy types can also find relatively unfinished residential space attractive.

Over the past 20 years, the fastest growing sector of the national economy in terms of job generation (outside of health care) has been in “professional and scientific” services industries – the majority of which are small firms (under 10 employees) and almost half of all jobs in this sector are held by self-employed persons. My own firm, FXM Associates, is one example of a “creative economy” firm that 25 years ago could not have located outside a major city. With the New Bedford Economic Council (NBEDC) and others hot on this Creative Economy trail, the potential for increasing synergy between the private and public sectors (including public financial assistance for private ventures) is tremendous.

We, and others interviewed in the course of our work, think there is strong potential for additional Creative Economy incubator space in Downtown, possibly an extension of the NBEDC Quest Center and operated in conjunction with UMass Dartmouth and the South Coast Partnership. A business “incubator” offers shared services and space to keep costs low for start up companies. A few similar business incubators exist elsewhere in Massachusetts and have attracted architects, graphic designers, desktop publishers, software/game designers, and other officebased, technology driven entrepreneurs and small businesses. When successful they can move on to occupy market-priced space elsewhere in the Downtown and City.

- Related to the Creative Economy, and indeed one of its essential underpinnings, are educational institutions. We already have the UMass Dartmouth Center for Visual and Performing Arts and Bristol Community College. BCC is poised for a major expansion in Downtown. Neither of these schools provides housing for faculty and graduate students, and they are already a major source of demand for housing in the Downtown area, while students and faculty also support restaurants and retailers.

Other possibilities, including a high school level arts and technical institute, could be explored as a way to establish a greater critical mass of educational facilities in Downtown, as well as possible connections to Woods Hole Oceanographic Institute, Johnson and Wales, and other strong institutions not far from New Bedford.

Educational institutions are the backbone of the creative economy and significant contributors to the inner city housing market in Boston, Portland Maine, Northampton MA and other large and small communities throughout the US.

Downtown New Bedford has, in its current inventory of vacant and underutilized commercial space as well as vacant land, the physical resources to support additional educational institutions. Again, the historic character of the Downtown core, easy access to commuting workers and students regionally, as well as space that could be renovated at relatively low-cost are competitive advantages.

- On the subject of education, I would be remiss – as would any development economist – if I do not note that while Downtown can attract a high skilled labor force regionally, local clerical and support services for businesses and institutions are not well provided. Prospective businesses – including back office functions that have developed extensively in less affluent cities like Lewiston, Maine and elsewhere – see the low high school and college graduation rates in this region as a major drawback.

The education problem is not unique to New Bedford – basic reading, writing, and math skills have been deteriorating in the general population nationally for 40 years - but it is more pronounced here and in Fall River than in other Massachusetts communities. Everyone – not just parents and educators but also businesses, retirees, young professionals – everyone – needs to support efforts to improve the quality of public education.

We at FXM interview 600-700 business owners and senior managers each year in the course of our research. Their concern is not so much the pay scales in the labor force, but rather worker productivity and, in many cases, whether their employees have the basic skills – including reading, math, written and verbal communication – to do the job.

Next to Health Care costs there is no greater short and long term crisis in the US economy than failed public formal education.

The problem affects not only young people entering the labor force, but a significant number of labor force participants of all ages. Times have changed dramatically – there is little future in the 21<sup>st</sup> Century economy for people without formal education, and the higher the level the better. If we fail to provide through early years and continuing adult formal education not only improved basic literacy and technical skills, but also a greater passion for and commitment to learning, New Bedford cannot realize its economic development potential, and the US overall will fall behind other countries in the world economy. And you can forget Social Security in your retirement years if our labor force doesn't become more productive in the 21<sup>st</sup> century economy.

End of my education rant. Sorry. I can't help myself on this issue.

- One other less than ebullient observation about the Downtown economy – parking, and more specifically parking management, has been an issue raised and solutions posed over the past 10 years (at least) by Downtown retailers, by the City's own planners, in FXM's previous reports, and by every professional consultant who has worked in Downtown. In the 2009 report, Utile is just the latest to weigh in. The data are unambiguous – the problem is one of management and not number of spaces. Forget the studies – just look at the number of open spaces in Downtown after 6 o'clock on a weekday. Downtown workers occupied those freed up spaces.

The solutions are clear cut – improve the management of existing spaces, particularly in the Elm Street garage, and end the culture of meter feeding practiced by municipal and private company employees through a combination of carrots and sticks. The parking issue is not trivial.

With better management of existing spaces, you can transform the Mass 54<sup>th</sup> plaza into a real park – perhaps like the one in Post Office Square in Boston which is enormously popular with workers and visitors – and if properly designed can still host special events (Utile has some intriguing illustrations in the 2009 report). A well-designed and maintained park in

this location can – based on experiences in other communities - raise surrounding property values by 10% or more and will be an amenity that can help attract additional residents and employers to Downtown.

In addition to unleashing the park potential, if parking management releases more spaces in locations convenient to existing retailers it can boost their sales. Shoppers and diners, especially, are sensitive to parking “convenience” both literally and perceptually. If effective parking management boosted the sales of existing Downtown retailers by only 5% -- a not unreasonable hypothesis -- it would accomplish more for them than attracting 5 times as many tourists as you now have to Downtown. If you haven't tried this already, maybe it's time to convene a Summit of top elected officials and downtown employers to hammer out specific actions each will take to get managers and employees off the metered spaces in Downtown during normal business hours.

- It's always nice to finish on an upbeat note, as tough as that is in these times of economic recession, shrinking state aid, and frozen capital markets that have killed commercial and residential real estate development since its last peak in 2006-7. Over the past two years, at least 30 retail and restaurant establishments have opened or expanded in Downtown New Bedford. (Thanks to Dianne Nichols for documenting this for our most recent study).

**Other than raising a child and giving him or her the tools to succeed in the marketplace, there is nothing more difficult to do – economically speaking – than creating jobs, especially in this environment. Creating and sustaining a new business is tougher still. Having 30 new or expanded businesses in Downtown is a remarkable accomplishment. It's something you can really brag about to prospective investors and they will be impressed. And a new hotel under construction – how big is that in this economy? [there are only a half dozen new hotels now under construction in all of Massachusetts].**

We are told that part of this success was a consequence of your outreach efforts to successful businesses in the region – much like we suggested in our 2007 report – and that it was also because current and prospective

business owners sense a positive buzz about Downtown and have communicated that to others. These hard cost investments have been bolstered by the rising profile and success of the Z, the Whaling Museum, AHA, DNB, Inc's Taste of South Coast, Chowder Festival and Holiday Stroll, the National Park, the Working Waterfront Festival, and a host of other initiatives that communicate what's good about New Bedford and its Downtown.

Virtually all of the people we interviewed for this most recent study – many of whom we spoke to 10 years ago and again 3 years ago -- noted a new, “cooperative” spirit among Downtown merchants, institutions, and public officials.

My 2007 address to this group ended with a semi-serious plea that you prove Sebastian Junger (author of “The Perfect Storm”) wrong, and that New Bedford is NOT “the mean older brother who is going to kill someone”. You *have* moved onward and upward. Way to go! Keep up the good work.