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BERKSHIRE CEDS MEETING MINUTES
THE COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY FOR THE BERKSHIRES

DATE: Thursday May 13, 2004
TIME: 8:30 AM
PLACE: Berkshire Regional Planning Commission Offices
1 Fenn Street, Suite 201
Pittsfield, MA

I. Call to Order

Chair Vinette called the meeting to order at approximately 8:32 a.m.

The following Committee members were present:

Blair Benjamin	Sharon Palma
David Bissaillon	Richard Rilla
Tim Geller	Richard Scullin
Mark Germanowski	Vicky Singer
Sam Haupt	Rich Vinette
Mike Hoffman (Banknorth alternate for Gary Schiff)	Ken Walto
Bill Mulholland	

Also present were Nat Karns (BRPC Executive Director), Kate McNulty-Vaughan (BRPC staff), Bryan Boeskin (BRPC staff), and Peter Falcier (BRPC staff).

Following the roll call, Mr. Vinette took a moment to note several additional publications for the Berkshire CEDS Bibliography. Specifically, he mentioned a publication brought by Ms. Singer, which was distributed at the meeting.

II. Approval of Minutes of CEDS Committee Meeting of May 6, 2004

Mr. Bissaillon moved to accept the minutes of the May 6, 2004 CEDS Committee meeting. Mr. Haupt seconded the motion. The motion was approved unanimously.

III. Review Initial Project Brief and Background Info

Ms. McNulty-Vaughan described the project application form, called the Initial Project Brief. She explained that it is in MS Word® format allowing digital fill-in. She also described the cover letter and 2-page Initial Brief information sheet. It calls for submittal of physical projects sponsored by public, quasi-public and private institutions or programs. The CEDS Committee is asking for each project to have an official municipal sponsor, as required for EDA funding. This will also improve the flow of information between municipalities and economic development partners. The form calls for a project timeframe, current status, project costs, benefits for the region, job creation potential, and funding matches (Ms. McNulty-Vaughan emphasized that public/private enterprises are more and more prevalent). The packet that went out with the Initial Project Brief also included the 10 Sustainable Development Principles from the Office of

Commonwealth Development.

Mr. Karns said that the presumption is that projects at the early, planning stages may not be able to fill out every last line of information. The same goes for public policy projects (e.g. improving local permitting processes).

Mr. Benjamin asked how quickly a project might see funding from EDA if the CEDS is approved. Mr. Karns said October 1, 2004, at the earliest. Mr. Karns reminded the Committee that the CEDS Initial Project Briefs are not limited to EDA eligible projects. He said that the information provided in the forms should be tailored to EDA requirements for the purposes of the CEDS, but the CEDS document as a whole (containing the gamut of regional economic development projects) can also be used to apply to multiple funding sources at the state or federal level.

Ms. McNulty-Vaughan added that the regional EDA representative will review Berkshire CEDS projects and comment on how the Committee can leverage federal and state funding sources—and help project sponsors fulfill the local funding obligation—using the CEDS document and process. Mr. Karns suggested that the CEDS Committee and staff may approach the regional EDA representative for guidance in the final sorting stage of the CEDS project prioritization.

Ms. McNulty-Vaughan noted that Mr. Benjamin had contacted the EDA regional representative directly at the end of the 2001 CEDS process. Mr. Benjamin explained that at that time the EDA rep made it clear that unless a project was high in the region's CEDS priority the agency would not consider funding it, whatever its merit. Mr. Benjamin noted that his project had not been included in the 2001 CEDS.

Mr. Bissaillon asked how many projects the CEDS committee can expect to see in this process. Mr. Karns noted that the Committee members present at this meeting alone could probably come up with 15-20 projects. He said that it will be the job of the Committee to distill the most critical out of however many project briefs come in after the solicitation period.

Mr. Vinette pointed out that the Committee should start with the 2001 project list to verify their current statuses. Mr. Karns noted that several of those projects are indeed further along now than they were in 2001; he agreed that their reevaluation is important.

Mr. Karns said that the CEDS staff will issue a press release to inform the greater public about the CEDS project request. Ms. McNulty-Vaughan reminded everyone that the due date for the Initial Project Brief form is Friday, May 21, 2004. She noted that with a quick turnaround time in 2001, the Committee received about 30 project briefs. She encouraged all Committee members to solicit as many projects as possible in the time available. Ms. McNulty-Vaughan explained that the form had been sent by e-mail (to all Berkshire mayors & town managers, regional CDCs, and other groups) and can be filled-out in MS Word®, then e-mailed back to BRPC CEDS staff. (Mr. Karns explained that BRPC was having intermittent problems with certain e-mail servers, apparently bcn.net in particular.)

IV. Connecting Goals to Vision Statement

A) Review 2001 Goals, Objectives & EDA Comment

Mr. Falcier reviewed the Vision, Goals & Objectives and Action Plan problems of the 2001 CEDS document. He explained that the Vision, Goals & Objectives were wrapped into the Action Plan—a format that didn't conform to EDA guidelines or expectations. He reviewed a three-page agenda packet handout that provided the 2004 Vision Statement and then summarized the 2001 Goals and Objectives and the 2001 Action Plan activities, as written in the 2001 CEDS document. Each sheet also included explanations of the 2001 problems, applicable EDA comments from 2001, and EDA Guidelines for 2004.

Ms. McNulty-Vaughan noted that one of the main deficiencies of the Goals and Objectives section was that the top priority Goal did not have any Objectives. Mr. Karns added that the primary task this time is to identify a comprehensive set of Goals and lay out Objectives that properly fit each Goal.

Mr. Falcier clarified that the BRPC CEDS staff was looking for approval of 2004 CEDS Goals and Objectives at this meeting; he noted that the committee could re-approve the 2001 Goals and Objectives or make revisions, as they saw fit. Mr. Falcier explained that the EDA 2001 comments and 2004 guidelines call for the Committee to use the approved Goals and Objectives to lay out not simply a listing of activities tied to prioritized goals (as in 2001) but an Action Plan of projects and programs with partners and timeframes and should include coordination with existing regional ED strategies, plans or groups, such as the state-sponsored Regional Competitiveness Council.

B) Review/Revise/Approve 2004 Goals & Objectives*

Mr. Benjamin argued that tourism is a base economic industry along with others named in the CEDS 2001 Goal #1. Mr. Vinette suggested ending the Goal #1 statement after "...region," eliminating the clause "especially manufacturing and new technology businesses or industries."

Mr. Karns noted that the 2001 CEDS consciously considered the issue of wage levels in prioritizing ED sectors. He acknowledged that 20-30% of the region's economy derives from tourism, but he noted that as an industry tourism wage levels are generally much lower than those in manufacturing or technology. He suggested that Ms. Palma could argue that in South Berkshire County tourism is a base industry (tourism and agriculture, added Ms. Palma). Mr. Bissaillon noted that the Regional Competitiveness Council (RCC) had recently identified tourism as one of 4 base economic industries in the Berkshires. Mr. Karns suggested that tourism as an economic base industry in the Berkshires must be thought of as more than "heads in beds." He cited a RCC cluster analysis that groups the cultural and arts institutions, the "export education" industry (private schools), the environmental centers, the summer camps, and the traditional hospitality businesses all under the umbrella of tourism. Committee members discussed how these elements also combine to draw new economic activity to the region: artists, graphic designers, performers, educators, etc.

Ms. Singer suggested that this committee should try to break out of traditional ED thinking. She read from a document she handed out at the meeting, citing that rural regions don't always follow the same rules as urban or suburban regions: business recruitment may not work as well—or may have to be combined with—homegrown development in rural areas. She suggested that one of the goals should incorporate this line of thinking, as opposed to picking one of the existing industries in the region to form the basis of the regional ED strategy. She emphasized the need to encourage an entrepreneurial climate in the Berkshires.

Mr. Scullin asked if Ms. Singer thought that building an ED strategy around the manufacturing industry is faulty. She said, in many ways, yes. She wanted to think more holistically than simply focusing on bringing in new manufacturing and stabilizing the regional economy. Mr. Vinette and Ms. Singer discussed the importance of entrepreneurial promotion in the growth and development of manufacturing. Ms. Singer argued that in this case it is an issue of prioritizing either manufacturing or entrepreneurship. Mr. Walto pointed out that the plastics network, a base manufacturing industry in the Berkshires, is entrepreneurial by nature. Mr. Rilla said that it's also an aging industry, with a 100 year history in the region.

Mr. Vinette suggested that CEDS 2001 Goal #5 addresses this entrepreneurial issue; he asked if Ms. Singer thought it should be a higher priority goal, perhaps the highest priority. Mr. Vinette, Mr. Walto and Mr. Scullin suggested making Goal #5 from 2001 an objective of Goal #1 for 2004, in part to categorize it more logically and in part to move it up in priority.

Mr. Walto suggested that the 2001 Goal #1 is fine as broadly stated, but that we could develop 3 objectives to address the primary economic base industries. The committee discussed what industries were left out of the traditional model.

Mr. Hoffman asked what "economic base industry" means? He suggested that there are two kinds of jobs: low paying and high paying. He mentioned that Berkshire Medical Center will spend substantial

amounts recruiting medical professionals, but he noted there also aren't that many jobs in the region that pay doctor's wages. He said that increasing employment and increasing high paying employment may be two different things. He also talked about the real estate tax base as a primary source of revenue for municipal services. He gave the example of the timeshare business in Hancock, which he said is bringing in between \$20-\$50 million in sales, and in his estimation, probably bringing in \$20-\$30 million in real estate taxes per development. He suggested thinking about what \$400,000 a year, for instance, adds to the ability of a town to raise and provide services. He asked if that is part of the economic base this region should be considering. Mr. Hoffman's point, he said, was that we focus on salaries in economic development, and that real estate tax base is an important segment of the regional economy.

Mr. Vinette asked Mr. Walto what qualifies as a base industry. Mr. Walto gave the "economic base theory" answer: any industry that exports goods and services out of the region and thereby bringing income into the economy grows the economy. Mr. Karns reiterated that theory: an economic base industry is any industry that brings dollars into the region that otherwise wouldn't be here. Ms. McNulty-Vaughan added to the definition of economic base industries: import substitution. She explained that buying the goods and services from within the region—and limiting the outflow of dollars from the region—also grows the economy.

Mr. Karns suggested these base industries could provide the basis of Objectives under Goal 1. Mr. Scullins suggested that the broadened Goal #1 is contained in all the other Goals. He argued that there is an element of "circular logic" in having a broad Goal #1 because every other Goal and Objective contributes to that universal theme. He suggested that the 2004 Vision Statement covers that broad, economic base expansion Goal.

Mr. Walto argued that the idea of economic base industries, being so critical to how a regional economy operates, should be included in the goals. Mr. Vinette suggested splitting the goals into three basic categories: bricks-and-mortar strategies, regional economic cooperation strategies, and general support strategies. Mr. Karns asked the committee to think about what the three or four economic areas that generate significant income and economic activity in the region and, under each goal, think of specific objectives to address each of those areas.

Mr. Benjamin asked if the RCC clusters get at Mr. Karns idea. Mr. Karns replied that Ms. Singer's point was that that cluster model doesn't always measure *all* the economic activities in the region, notably the sole proprietorships or other entrepreneurial enterprises. Ms. Singer noted that the health care industry is now the largest employer in the Berkshires, and it's not included in the clusters. Mr. Karns pointed out that the health care industry is not a traded cluster in the Berkshires (as it is in Boston); most of the services are provided here for residents here and is paid for by money coming into the region from outside, whether it be revenue from manufacturing or tourism.

Ms. McNulty-Vaughan pointed out that with the RCC cluster analysis, while looking at only economic base industries, it is important to push some of the industrial activity *into* the economic base. If the regional ED strategy concentrates solely on the existing economic base, then it will not do enough to move entrepreneurial and innovative activity into the economic base, which will play a role in growth. Mr. Karns noted that tourism, for instance, was a substantial economic base industry but it provided low-wage jobs. He added that it is important to draw in new sectors that may not be here now and to encourage burgeoning sectors. Ms. Singer noted that it may not be possible to know exactly what the new sectors of the regional economy may be, but that by creating the environment for innovation and entrepreneurship the region can cultivate them or better recruit them.

Mr. Vinette said that everyone agrees that traded clusters are helpful, that the RCC is helpful, but that the CEDS Committee is doing a somewhat different analysis. He made it clear that a comprehensive economic development strategy for the Berkshires should include entrepreneurship and innovation.

Mr. Mulholland argued that we spend a lot of time and money on what we do well here, what we have here that ought to be a draw. He suggested focusing on what we do poorly and what we can do better. Mr. Vinette agreed: he suggested post mortems on industries that have left might be helpful.

Mr. Vinette suggested the following themes for CEDS 2004 Goals: #1) encouraging economic growth of base and emerging industries, #2) infrastructure enhancement creating conditions that encourage economic development and innovation, and #3) promoting regional economic cooperation and coordination.

Mr. Hoffman expressed his approval. He said that infrastructure includes the notions of an innovative economic development environment.

Ms. Singer suggested economic vitality instead of “growth.” Mr. Karns suggested “sectors” instead of “industries.”

Mr. Vinette said that CEDS 2001 Goal #5 and Goal #2 should be objectives under CEDS 2004 Goal #1.

The Committee agreed on the following draft CEDS 2004 Goals and objectives:

2004 Goal #1: Encourage economic vitality of base and emerging industries (or sectors)

Objective A: Provide adequate/expanded financial support, improve access to capital and develop management capacity for a full range of economic development activities to promote innovation and expansion (2001 Goal #5)

(Mr. Geller asked about including improving access to capital as a goal or objective. Mr. Vinette felt that 2004 Goal #1 included it, and Ms. Singer suggested rewording CEDS 2001 Goal #5 to meet the request. She argued that improving access to capital was more of an action or activity suitable for the Action Plan, though she conceded it could also be an objective. She suggested as an Objective: “Provide support, financial and capacity building, for a full range of economic development activities to promote continuous innovation and expansion.”)

2004 Goal #2: Improve region’s economic competitiveness through targeted infrastructure and community improvements

Objective A: Improve housing supply in the region

Objective B: Enhance Downtowns of Different Sizes and Character

Objective C: Enhance Neighborhood Quality of Communities of Different Sizes and Character

Objective D: Improve transportation access and capacity throughout the region

(The first 3 objectives are the same as Objectives B-D under 2001 Goal #3. Ms. Singer suggested adding transportation as a fourth objective; the committee agreed. Mr. Karns suggested reviewing 2001 Goal #4 for integration under this 2004 goal)

2004 Goal #3 Promote regional economic cooperation and analysis

Objective A: Continue to move Comprehensive Economic Development Strategy (CEDS) process forward. (2001 Objective 3A)

Objective B: Strengthen and expand growing regional economic cooperation to serve as the foundation for successful internal and external marketing and outreach. (2001 Goal #6)

Objective C: Develop strategies for site and building development and reuse. (2001 Objective 4A)

Objective D: Identify the economic and human resource implications of the aging in the Berkshires. (2001 Objective 3E—consider amending to fit the 2004 Goal statement)

Mr. Vinette suggested the BRPC CEDS staff e-mail the draft of these Goals and Objectives to the Committee for review. He asked the Committee to respond with edits and then review and approve the final version at the next meeting.

Mr. Hoffman raised one last point: he suggested looking at market valuations because someone could

spend \$1 million to build a site in Berkshire County and then have it worth \$800,000 the next day. He noted that unlike many other regions in the state, the Berkshire's economic base is "limited, if not stagnant at times." Mr. Vinette agreed that market valuation should indeed be on the CEDS radar screen; he suggested the topic should be addressed under 2004 Goal #3, noting that market valuation could certainly be an analysis objective.

Mr. Karns asked for the Committee to send back comments on the re-organized 2004 Goals and Objectives within two or three days of receiving them from staff. Ms. McNulty-Vaughan also asked the Committee to look ahead at the Activities section of the Action Plan, which was included as the third sheet of the Vision, Goals & Objectives, and Action Plan review.

The Committee did not vote to approve any goals at this meeting.

II. Prioritize Goals*

The Committee did not discuss short term versus long term priority.

- A) Short Term
- B) Long Term

III. Action Plan & Implementation Schedule

There was no discussion.

- A) Review 2001 Action Plan & Implementation Schedule

There was no discussion.

- B) Review/Revise/Approve 2004 Action Plan*

There was no discussion.

IV. Committee Roles: Partners & Implementers

There was no discussion.

V. Review Economic Development Funding Sources Matrix

There was no discussion.

VI. Next Meeting (5minutes)

Mr. Vinette told the Committee that the next CEDS 2004 meeting would be 8:30 a.m. Tuesday, May 25, 2004 at the Berkshire Regional Planning Commission offices. Mr. Karns explained that in addition to revising and approving the 2004 Goals and Action Plan, the Committee would also begin to learn about the 2004 CEDS projects submitted by May 21, 2004. Mr. Vinette added that the Committee will then discuss how to evaluate the projects, and the evaluation itself will follow at the meeting after next.