

DRAFT

# INNOVATION-BASED ECONOMIC DEVELOPMENT STRATEGY FOR HOLYOKE AND THE PIONEER VALLEY

This document presents a draft outline and framework for an innovation-based economic development strategy to enhance job opportunities and long-term economic viability for Holyoke's Innovation District and the entire Pioneer Valley region. For purposes of this draft document, the Innovation District is defined as the Center City area of Holyoke (consistent with the Urban Renewal Plan) and the Pioneer Valley consists of Hampden, Hampshire, and Franklin counties in Massachusetts (with labor market and transportation linkages into Connecticut). The strategy emphasizes mechanisms to maximize the potential for the Massachusetts Green High-Performance Computing Center (GHPCC) to be a catalyst for economic development.

## 1. GOALS AND OBJECTIVES

The innovation-based strategy is focused on achieving four economic development goals:

1. Increase job opportunities for the residents of Holyoke and the Pioneer Valley
2. Provide enhanced pathways to productive careers in the workforce
3. Attract increased levels of private investment to Holyoke
4. Successfully connect the GHPCC and regional economic assets into a compelling and integrated economic development marketing and delivery system

These goals will be achieved by:

1. Identifying and targeting a portfolio of industry clusters for business start-up, expansion, retention, and attraction opportunities.
2. Leveraging the presence of the GHPCC and the five university Research Consortium to promote Holyoke and the Pioneer Valley for research & development and market-based opportunities.
3. Maintaining Holyoke's low-cost, renewable energy-based competitive advantage by expanding renewable energy generation and R&D-based innovations.
4. Providing a desirable walkable urban environment for live, work, play, and learning opportunities that supports economic growth.
5. Leveraging and connecting the region's educational assets for a world-class, business-focused talent delivery system.
6. Marketing regional transportation and fiber optic assets to attract businesses and support economic growth.
7. Developing compelling marketing information and an integrated local/regional/state economic development delivery system.
8. Leveraging the diversity of the community to create an exciting and supportive environment in which to start and grow a business.

## 2. PERFORMANCE MEASURES

This section will include 5-10 economic, workforce and demographic performance measures for Holyoke and the Pioneer Valley<sup>1</sup> (separately) to indicate current performance and target goals for significant but realistic economic improvement over the next 10 years in terms of jobs, unemployment rate, population, educational achievement, etc. For example, for Holyoke's unemployment rate to drop from its current 11.4% to a longer-term 6% rate, this would require approximately 1,500 new jobs in Holyoke (holding population growth constant).

DRAFT Economic Performance Metrics for Holyoke and the Pioneer Valley

Economic Indicator	Holyoke		Region	
	Current	2020 Target	Current	2020 Target
Total Jobs	20,949	24,091	275,644	303,208
Job Growth Rate (5-year growth)	-5.6%	15.0%	-2.9%	10.0%
Unemployment Rate	11.6%	7.5%	8.7%	6.0%
Population	38,320	46,712	698,903	772,024
Educational Attainment (Percent Completed)				
High School or better	74.9%	85.0%	85.7%	90.0%
Bachelors degree or better	21.3%	27.0%	27.4%	32.0%
Income & Poverty Rates				
Families Below Poverty Rate	27.1%	15.0%	11.3%	9.0%
Median Household Income	\$35,828	\$44,785	\$49,177	\$56,554
Innovative & High Growth Industries (5-year job growth)				
Professional and Business Services	31.9%	15.0%	-2.8%	10.0%
Education and Health Care	-6.2%	8.0%	5.9%	10.0%
Information	-49.3%	20.0%	-8.9%	8.0%
Arts, Entertainment, and Recreation	112.8%	30.0%	-4.1%	12.0%
Utilities/Energy	12.9%	15.0%	8.5%	12.0%

The economic development strategic plan will be developed and implemented via three core strategies: a) innovation eco-system; b) energy strategy; and b) industry clusters and opportunities.

## 3. INNOVATION ECO-SYSTEM

This element of the strategy will cover the near-term and long-term foundations and environment for sustained economic development in Holyoke and the Pioneer Valley. The specific strategic ideas are suggestions for policy, program, investment, and other public and private initiatives.

<sup>1</sup> The region is typically defined as Hampden, Hampshire, and Franklin counties in Massachusetts but also extends into Connecticut as part of the Knowledge Corridor.

### 3.1 Talent and Workforce

- K-12 public educational improvements to enhance educational attainment and student motivation, delivered through partnering with the MGHPCC University Research Consortium, 5 College Inc., regional two and four year colleges and universities, the Pioneer Valley Regional STEM Collaborative Network, the Cisco Smart + Connected Community initiative and others.
  - Document and promote Cisco's initiatives to communicate the benefits to the community.
  - Five Colleges Inc. Federal research grant opportunity to enhance math and science curriculum and programs in Holyoke schools.
- Develop and implement a seamless regional talent delivery system that includes the public K-12 schools (particularly voc-tech), community colleges, four-year colleges, research universities, and local/regional workforce organizations, in partnership with private sector employers.
- Provide Science, Technology, Engineering and Mathematics (STEM) learning opportunities and community connections at the Green High-Performance Computing Center (GHPCC)
  - Computer lab and demonstration research projects
  - Outreach by GHPCC to Holyoke schools
  - Focus on motivating students with "hands on" learning opportunities
- Increase the 24-hour presence of college students, graduate students and young professionals in the downtown area through expanded class offerings, arts/research institutes, improved transportation connections, low cost housing, restaurants, etc.
- Retain a greater share of the region's college graduates through connected business recruitment programs and improved economic conditions. Leverage and improve existing resources such as Internhere.com to facilitate job connections for region's college grads to businesses.

### 3.2 Sites and Infrastructure

- Selectively clear and demolish abandoned industrial sites to reduce urban blight and provide stronger visual appeal to prospective company prospects.
- Similar to the Devens program, provide environmental remediation and expedited permitting to produce more "ready-to-go" sites.
- Designate areas of the Innovation District for: a) arts/innovation and live/work space; and b) industrial uses in targeted areas (manufacturing/distribution/assembly at rail-served sites, along the river).
  - Potential next step is to conduct preliminary urban design work to ensure the buildings and sites are consistent with the desired character and historic buildings in Center City.
- Expand and promote the fiber optic IT infrastructure throughout the Innovation District and region.
  - Provide free high-speed wireless access in multiple areas within Innovation District.
  - Build on Springfield Data Center and Greenfield "meet me" interconnection facility to showcase regional asset.

### 3.3 Transportation

- Locate, design, fund, and construct a Holyoke train station/stop by the time the Amtrak service is re-located to the Connecticut River Line.
  - Complete transit-oriented development (TOD) planning for land use, and transportation connections to/from the train station.

- Provide more frequent direct bus service to downtown Holyoke on the 5 Colleges Inc. bus system.
- Fund and implement regional passenger rail service enhancements.
  - Regional priority is to expand service frequency north of Springfield, consistent with the Knowledge Corridor Passenger Rail study.
- Designate and improve (signage and bridge clearances) truck routes to/from industrial areas of Innovation District and I-91 and I-391.

### 3.4 Live, Work, Play, and Learn Environment

- Complete Canal Walk project and enhance walkable urban infrastructure and streetscapes (plantings, clean-up trash, sidewalks, etc.).
- Expand the residential base of population in Holyoke through a mix of affordable and market-rate housing options that leverage Holyoke's history, architecture and urban environment.
  - Reduce residential blight.
- Focus commercial/retail activity on key corridors such as High Street and Main Street and develop a façade improvement program.
  - Make first floors/street-level “active” uses and use upper floors for office, R&D, non-profit services, etc.
- Host and promote a series of downtown Holyoke social, cultural, musical, and artistic events to showcase local artists, promote greater foot traffic, and demonstrate safety/security.
- Pursue range of tax credits to assist in residential development such as historic tax credits and housing incentives for Gateway Cities in MA (e.g., current state economic development bill).

### 3.5 Policies and Business Environment

- Expand small business and entrepreneurial support in the region.
  - Leverage existing asset of Enterprise Center at STCC.
  - Provide and promote support for businesses locating in the Innovation District (low-cost space, tax incentives, etc).
- Streamline Holyoke's permitting process with single presentation and expedited process.
- Extend Holyoke's tax increment financing (TIF) program to 15-20 years. Over longer-term, look to reduce commercial property tax rates through expansion of business base to be competitive.
- Promote Holyoke's Free Trade Zone (FTZ) status and determine industries and businesses that can take advantage of this asset.
- Work with Pioneer Valley Railroad (PVRR) and other regional railroads to help state implement industrial rail access program (IRAP) to help fund rail spurs and sidings that will directly enhance industry opportunities.
- Create teams to implement the strategy:
  - Team Holyoke committed to local implementation
  - Integrated regional and local marketing strategy and materials
  - Talent supply chain delivery team

## 4. ENERGY STRATEGY

This element of the strategy is focused on energy strategies and related economic development opportunities for Holyoke and the Pioneer Valley. Note: draft content for this section of the strategy is

currently being developed by Joan Fitzgerald of the Dukakis Center at Northeastern. The brief ideas below represent initial, high-level thoughts on energy strategy.

#### 4.1 Renewable Energy Generation

- Holyoke Gas & Electric (HG&E) has plans to expand low-cost, renewable energy in Holyoke and the region (e.g., solar project, testing wind on Mt. Tom). These plans and the commitment to maintain this competitive advantage need to be documented and communicated.
- Each renewable energy project includes capital investment and near-term jobs as well as property tax base (in most cases?) and some modest amount of jobs for operations.
- Springfield is moving forward with 2-3 significant solar projects. Franklin County is pursuing solar projects at two sites and has completed geothermal on-site projects in the downtown area. Can region position itself as a renewable energy leader in New England?
- Can region expand hydroelectric power and low-cost energy production along Connecticut River?

#### 4.2 Research & Development (R&D)

- Connect with energy research initiatives throughout the MGHPCC University Consortium, as well as at other research institutions in New England, to explore testing and development of innovative renewable energy products to more efficiently and cost-effectively produce energy.
  - Each HG&E project contains room for R&D testing.
  - ISO New England is another Holyoke asset and should be included in R&D efforts.
- Smart Grid represents both an organizing principle and a potential implementation vehicle for strategizing, demonstrating, and enhancing the availability of low cost renewable energy as a competitive asset for the City and the region, as well as a potential opportunity to work with HG&E and ISO New England on the development of a test bed for how you manage a grid. Become a national best practice?
  - Opportunity with Federal program in FY 2012 for Energy Regional Innovation Center.

#### 4.3 Manufacturing – Clean Tech Companies

- Combination of low-cost, renewable energy is appealing for a broad range of companies. Market and promote this asset to companies with “green”/sustainability metrics in their ROI.
  - Consider a jobs per kWh metric to examine job opportunities linked to new capital investment and business growth.
- Manufacturing of renewable energy products may be limited – perhaps advanced hydroelectric and fuel cells as opportunities?
  - Link energy R&D innovations to potential for manufacturing.

#### 4.4 Operations

- Successfully implement Green Communities Act in Holyoke to improve energy efficiency and reduce energy demand from public buildings and infrastructure.
  - Greenfield is also implementing this and was part of a 12 community regional initiative for energy efficiency retrofits with an ESCO partnership with Siemens.
- Holyoke is considering implementation of electric cars program and electric buses.
  - Can Holyoke be a net zero energy consumer? How can this combo of assets and initiatives be packaged as a national best practice?

- As part of Cisco initiative, create neighborhood challenge on energy efficiency.
- Testing and performance monitoring – connect with grid operations and IT at ISO New England?

## 5. INDUSTRY CLUSTERS AND INDUSTRY OPPORTUNITIES

The third core element of the strategy is identifying potential industry clusters and defining the industry opportunities for Holyoke and the region. A draft set of industries for more in-depth research, testing, and supply chain opportunities includes the following six industry categories. Some of these represent existing industry clusters (manufacturing, creative economy), while others represent emerging industry opportunities (digital technologies, urban agriculture).

### 5.1 Digital Technologies

- This is identified by the Western Mass EDC as an industry cluster with IT, software, and data processing firms throughout the region, many of them small, entrepreneurial start-ups.
  - Complete inventory of existing businesses in this cluster.
- Leverage GHPCC, Springfield Data Center, and Greenfield Data Center/”meet me” facility to help define business case for digital technology cluster and regional marketing.
  - Convene workshop with universities, Cisco, EMC, and entrepreneurs to help define the value proposition of the assets and opportunities.
- MTC working with local high-tech entrepreneurs on Innovation Event in Holyoke.
- Consistent with existing space at Open Square and other downtown Holyoke sites.
- Ideas include convening an annual conference on high-performance computing in the region and a competition.

### 5.2 Renewable Energy

- Ties-in with Energy Strategy – part of the industry portfolio for Holyoke and the region.

### 5.3 Manufacturing and Distribution

- Traditional regional and Holyoke strength and continues to be with precision manufacturing a “true” regional industry cluster.
- PVRP and others have identified specific manufacturing industries for downtown Holyoke in targeted areas to be preserved for industrial uses (rail served, along river, avoid residential conflicts).
  - Food transloading, packaging, warehousing; plastics; general warehousing/distribution; freezer warehouses; bio-fuel manufacturers/distillers (gasification); and breweries.
- Western Mass EDC exploring freight logistics as regional industry opportunity given location, interstate highways, improvements to rail system, CSX intermodal facility, etc.

### 5.4 Creative Economy

- Arts, design, creative industries as small office users. Improve marketing and promotion of existing creative economy in Holyoke.
- Low-cost housing allows for studio space, and live/work combined space.
- Victory Theater re-construction and re-opening January 1, 2012.

## 5.5 Green Design and Construction

- GHPCC represents the largest construction project in Holyoke in years and it will be a leading-edge Green building.
- Other regional projects (Union Station and Data Center in Springfield) under design and construction and LEED buildings.

## 5.6 Urban Agriculture

- MTC working with HG&E on waste heat recovery from GHPCC that could potentially be used for urban agriculture, district heating, or industrial purposes..
- Local initiative to do urban gardening in Holyoke to provide healthy food, activities/work for local residents and land is available.
- Identify sites for urban greenhouse, urban farming, and grocery/distribution.
  - Lack of grocery stores in downtown Holyoke – “food desert” with opportunity for grocery or food providers.
  - Western Massachusetts Food Processing Center in Franklin County is a key asset for this initiative: <http://www.fccdc.org/fpcabout.html>.