INNOVATE HOLYOKE

Innovation District Design and Development Task Force

Meeting #9 | February 9, 2011 | Holyoke Transportation Center

SESSION NOTES | *DRAFT SWOT Analysis*

SUMMARY:

Team members held a special, extended Holyoke Innovation District Task Force session on February 9; and invested over three hours in a Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis. The SWOT analysis was organized into six components and designed to solicit opinions, edits and additions in real time and over a period of weeks to follow. The SWOT analysis was informed by a presentation from consultant team member Dr. Barry Bluestone, Director of The Dukakis Center for Urban and Regional Policy, Northeastern University, who provided the Pioneer Valley's position and opportunities relative to national and state economic recovery. He also provided highlights from a National League of Cities municipal economic assessment of Holyoke called an Economic Development Self Assessment Tool (EDSAT). Dan Hodge, consultant team leader from HDR, provided details from every SWOT component, and community members joined with Task Force members to share insights on improvement and potential missing pieces. Some of these items included: exploring the interrelationships between renewable energy, overall costs of doing business, the growth and location of energy firms, and the civic and competitive desires of entrepreneurs; highlighting airports as a regional asset; and exploring in more depth the values of place, walkability, home values, and paths and trails. The team was very interested in the dynamic and often complex relationships between Holyoke-specific elements and Pioneer Valley's regional assets. Fairfield Index's Don Upton focused team members on three cross-cutting SWOT elements that set the stage for the work to come: the economic development delivery system (customer service in the Holyoke and the Pioneer Valley); the search for proof of business investments and locations that make the case for Holyoke; and the opportunity to distinguish the region by tying customer service to a closely knit team of leaders committed to talent supply. Team members were provided with clear pathways for additional comments and improvements, and the stage was set for transitioning into a period of consideration of industry targets, investor and industry expectations, and talent.

THE USE OF A SWOT:
A Traditional Approach with New Values

SWOT analyses are long-standing approaches to setting priorities, filling gaps, and seeking competitive advantage. They have traditionally helped teams in all sectors re-set strategy, budgets, and measures of success. They help convene complex teams and communities around four simple quadrants and promote discussion, testing new ideas, and questioning long-held standards.

Upton encouraged the team to consider the following guideposts as they listened to and commented on the analysis:

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Objectives and Standards

- Ensure an honest assessment and understanding in every SWOT category
- Identify issues and opportunities relative to project objectives
- Learn; and dispose of bad assumptions
- Identify follow-ups/data requests
- Shine a light on real pathways for intervention, improvement, gap filling, etc
- Ensure there is a consensus on the big "therefore(s)" –i.e. the project pathways for the coming weeks
- Honor surprises –delight in opportunities –don't wallow in weaknesses

Engagement and Process

- Classic four-quad notepad –strengths, weaknesses, opportunities and threats
- Opportunity for review, feedback, discussion
- Time to address nomenclature and pathways for action
- Session notes to be published shortly after this meeting
- Pathway from SWOT Analysis to Strategic Plan
- Near-term and long-term strategic objectives
- Help identify opportunities for economic growth
- Investment needs, policy changes, regional collaboration

The consultant team decided to work in six categories based on research, interviews, preliminary views of innovation districts, and a scope of work which requires a view of renewable energy and green tech. The six categories were:

- Demographics
- Talent
- Energy
- Transportation
- Physical Infrastructure
- Industries

Moderator's note: The identification of a strength, weakness, opportunity or asset at this stage allows the researcher and economic development professional to test working assumptions before a community of leaders while annotating and expanding the SWOT product to reflect assumptions of the community. Over time, the results must be tested relative to target industry clusters, the desires of entrepreneurs, the capacity of the community and its resident region to make competitive change, and the expectations of professionals who make decisions about where capital is invested and jobs are created.

CITY AND STATE: Perspectives from Dr. Bluestone

Dr. Bluestone drew on national economic data and the Holyoke EDSAT to help the team consider the elements of economic recovery that matter most to the Innovation District, Holyoke, and the Pioneer Valley. The history and purposes of the EDSAT tool include: rejuvenation of older industrial cities; weighing of location factors based on survey of key databases; on-line questionnaires and collaboration in municipal environments; building a foundation for SWOTs; and identification of practical steps towards economic development. This is the second round of EDSAT activity in Holyoke, the first city in the U.S. to have the value of a second round of work. The work is being done for cities nationwide in

association with the National League of Cities. Bluestone indicated the time is ideal for a strategic economic development plan, given what the Task Force and city are trying to do. The following perspectives and data were of special interest to the Team:

The return to higher levels of employment growth in Massachusetts and the U.S. is slow – Look to 2015 for a "more normal" rate
The OMB projects near term GDP growth of about 4%
Anticipate a "significant re-expansion" of the economy – "How do we get our share of these jobs?"
Massachusetts population growth to 2020 will be one of the slowest in the U.S. (about 1/3 the national rate); and it is an aging population as well (from 2010 to 2020, the household growth of ages 55 and up are 99% for the U.S. and 135% for Massachusetts)
Stubbornly high unemployment means sluggish recovery in state and local revenue, continued high unemployment insurance costs, and continued high Medicaid costs
Remember the importance and efficiencies of regionalizing some local services, and the continued impacts of health care costs on all U.S. local and regional economies
The real answer to fiscal health is boosting local economic development, attracting business investment and jobs, and generating additional tax revenue from new and expanded business for vital public services

Bluestone's summary of overarching strengths informed the SWOT analysis that followed. The summary EDSAT findings are found in the **Appendix**.

SWOT ANALYSES: Six Categories

Dan Hodge and Don Upton presented the six categories of SWOT analyses; and the team, along with observers from the community, shared perspectives on cross-connections, possible missing elements, and approaches to understanding regional v. city or Innovation District assets. The consultant team has collected multiple levels of data, organized by:

- Center City/Downtown (Innovation District)
- Holyoke
- Region – Hampden, Hampshire and Franklin Counties
- Comparisons to Massachusetts and the U.S.

The four-quadrant assessment was data driven, informed by extensive stakeholder interview process, and focused on metrics that matter for site selection and business development.

SWOT: First View and Key Annotations

The six SWOT categories are reproduced, below, with key Task Force and community attendee ideas, questions and annotations in red. Each category also includes the full text of critical data presented by the consultant team.

DEMOGRAPHICS

CRITICAL DATA SUMMARY

- Holyoke 2009 population 40,400; Pioneer Valley region 699,000
  - *Center City has 27% of Holyoke population*
- Large Hispanic population
  - *83% in Center City, 46% in Holyoke, 14% Region, 9% in MA*
- Young population in Center City
  - *50% under age 24, median age 25.5 compared to 1/3 under 24 and median age of 35-37 for Holyoke and Region*

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DEMOGRAPHICS SWOT

STRENGTHS

- **Young population**
- **Diverse population**

WEAKNESSES

- **Loss of population in Holyoke**
- **Stagnant population growth in Region**
- **Concentration of poverty**
- **Low per capita income –little capacity to support downtown retail/services, upgraded/replacement housing**

OPPORTUNITIES

- **Residential growth in Center City – historically larger population base**
- **Available, young workforce proximate to Innovation District**
- **Developers focused on mix of residential opportunities**
- **Older mill buildings for live/work**

THREATS

- **Entrenched poverty –need to link opportunities, jobs,education/skills development,entrepreneurship to residents**
- **Costs of residential development greater than current market rates/income levels**

Additional items offered by participants:

- *We need to explore and express the real values of diversity and youth.*
- *Add low housing costs and housing choices for young entrepreneurs who live in other parts of the Pioneer Valley as a strength.*
- *Explore and optimize resources available to entrepreneurs.*

TALENT

CRITICAL DATA SUMMARY

- A comparison of MCAS performance for Holyoke, the region and Massachusetts confirms lagging performance in English Language Arts, Mathematics, and Science & Technology.
- The attainment of Bachelors degrees or better in Holyoke and the region also lags.
- College enrollment in the Pioneer Valley is nearly 70,000, with the community college subset exceeding 16,000.

TALENT SWOT

STRENGTHS

- **5 College Network and other colleges in region attract students from across the nation, offer broad spectrum of degrees**
- **Strong community college system in Holyoke and Springfield to support workforce development**
- **Relatively strong share of degrees in health professions**
- **Global connectivity through higher education projects and alliance**
- **Unique, flexible regional workforce system**
- **Strong desire for demand driven strategy/ ROI**

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WEAKNESSES

- **Low K-12 MCAS performance in Holyoke**
- **Relatively smaller share of degrees in engineering, technical and science**
- **Smaller labor pool compared to Boston and New York markets**
- **Perception of siloed talent delivery system**

OPPORTUNITIES

- **Regional workforce and talent development initiatives –full-range of assets, extend to CT**
- **Cisco smart + connected –linkage to education**
- **Improve K-12 STEM education through connections to GHPCC and Research Consortium**
- **Leaps in STEM movement**
- **Pioneer Valley as talent/policy test bed**
- **Demand driven strategy/ROI**
- **Alignment and leadership in talent supply**

THREATS

- **Providing job opportunities to retain more graduates and young skilled workers**
- **Resources and initiatives to improve Holyoke public schools and performance**
- **Without upgraded skills, K-12 education, there will be little demand for skill levels represented in current population**

Additional items offered by participants:

- *Explore the true potential of collaboration across all parts of the talent delivery system.*
- *High dropout rate as a threat.*
- *Holyoke MCAS performance stronger for students who stay in the system.*
- *An aligned talent delivery team for the Pioneer Valley could send a powerful signal to decision makers who site companies, diversify and grow resident industries, create jobs and invest capital.*
- *How do we connect to state and federal-level STEM movement and resources?*
- *Explore the leadership potential of the Five Colleges; Explore the national leadership potential of Springfield Technical College and Holyoke Community College.*
- *Work carefully to ensure alignment of training and certification to the real needs of industry.*

ENERGY

CRITICAL DATA SUMMARY

- Holyoke is a lower cost market for electricity relative to Massachusetts and New England.
- Holyoke may be able to sustain its renewable energy portfolio, even with significant industry expansion.
- The production forecast, per Holyoke Gas & Electric (HG&E), shows growing shares of biomass, hydrokinetic, solar and wind.
- HG&E may be not only an example of an energy partner for industry growth and diversification, but may be a showcase enterprise in its own right.
- ISO New England made a recent decision to locate operations in Holyoke, and they present a portfolio of security, communications, municipal partnerships/ services, and transportation expectations .

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ENERGY SWOT

STRENGTHS

- **Low cost rates in Holyoke,driven by hydropower capacity**
- **HG&E is a distinguished center of innovation with opportunities to expand low cost renewable, partner for R&D**
- **ISO New England in Holyoke –3rd largest private employer in city –chose Holyoke for location**
- **Solar projects in Springfield –largest in New England**
- **Power quality, reliability and redundancy in Holyoke and region**
- **Positive, credible site decisions in recent years**

WEAKNESSES

- **Low cost energy advantage currently limited to Holyoke –region in line with MA**
- **Other areas (NC, TX) have even lower rates than Holyoke**

OPPORTUNITIES

- **HG&E plans to implement multiple renewable energy projects to expand competitive green capacity**
- **Linkage to MIT and UMass energy research –Federal grants?**
- **Green Communities Act in Holyoke –energy efficiency initiatives**
- **Become "test bed" for smart grid and other cutting edge technologies**
- **Service to green portfolio/sustainability ROI corporations**
- **Build portfolio around signature enterprises (HG&E and ISO NE)**

THREATS

- **Regulatory and cost challenges for renewable energy projects**
- **Will too much economic development "success" threaten low-cost advantage?**
- **Companies seeking low-cost, high energy use may not produce significant jobs (e.g., data centers)**

Additional items offered by participants:

- *We need to look carefully at the kinds of companies and entrepreneurs who see a renewable/green portfolio as a critical value in their operations and/or social responsibility agenda.*
- *Where real estate costs for residential and industrial may be high due to taxes or other factors, explore the potential offset or re-balance provided by significantly lower energy costs.*
- *Find ways to keep energy costs and renewable energy position as a cost factor/key message for decision makers.*

TRANSPORTATION

CRITICAL DATA SUMMARY

- Holyoke presents low congestion and commute times relative to the Pioneer Valley, Massachusetts and the U.S., per U.S. Census.
- Holyoke is in a transportation crossroads with the promise of intercity passenger rail connections to New York City.
- Interstate-to-City Center presents local road infrastructure challenges.

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TRANSPORTATION SWOT

STRENGTHS

- **Low level of congestion for medium sized metro area**
- **North-south (I-91) and east-west (I-90) interstate highways**
- **Knowledge Corridor passenger rail project and planned station(s) connect larger communities**
- **Freight rail service to downtown and railroad (PVRR) actively engaged in economic development**

WEAKNESSES

- **Disproportionate share of region's congestion and safety issues in Holyoke**
- **Interstate connections to Center City on local roads –barrier to private development**
- **Lack of transit connections between colleges and Center City Holyoke**

OPPORTUNITIES

- **Train station feasibility study –location near GHPCC –TOD opportunities**
- **Springfield as a passenger rail hub with planned projects n-s and e-w**
- **Rail served manufacturing and distribution businesses in targeted areas of downtown**
- **Improve highway and transit access downtown**

THREATS

- **Funding and timing of train station in Holyoke**
- **Prospects for enhanced train service north of Springfield**
- **Sites closer to I-90 (up the hill) viewed as more desirable**

Additional items offered by participants:

- *Explore and better express the data crossroads of the region. Do data corridors fit into this SWOT category?*
- *Provide more detail on passenger rail project and planned stations.*
- *It is essential to include commercial (Bradley) and general aviation airports.*
- *Explore the general qualities of multi-modal resources and service in Holyoke today, and the role of transportation planning and flexibility throughout the region as a competitive value.*
- *Add freight rail facilities (CSX in West Springfield) as a strength.*
- *Add walkable urban environment as a strength.*

PHYSICAL INFRASTRUCTURE

CRITICAL DATA SUMMARY

- Fiber optic network along I-91 corridor completed in 2010, planned expansion to connect all of Western Massachusetts.
- Multiple fiber-optic networks to connect to in the area including the Massachusetts Information Turnpike Initiative's Chicopee Shed, Springfield's meet-me facility, and many points in Holyoke.
- Current inventory for vacant mill space in Holyoke is two million square feet
- Consensus needed as industry clusters are targeted regarding "site readiness".
- 85 parcels and eight sites have the following attributes based on HPCC site evaluation:
  - *At least four acres of land area that is either now vacant/could be combined with abutting buildings to meet a 130,000 square foot total build-out requirement along with loading and parking areas*

- *Could be acquired or leased within a 12-month timetable*
- *Located within an industrial or commercial area*
- *Have some known environmental conditions, but none that would require extensive remediation work that would negatively impact HPCC's aggressive construction schedule*
- *Require demolition of existing structures*
- *Not subject to flooding based upon the 100-year storm event*
- *Power distribution requirements can be met, with upgrades required at some locations*
- *Sophisticated and redundant fiber network available*
- *City sewer available*
- *Cooperation in property acquisition process by City of Holyoke*

PHYSICAL INFRASTRUCTURE SWOT

STRENGTHS

- **Strong fiber optic and broadband infrastructure (east-west, north-south)**
- **Low land costs and housing prices**
- **Site availability and ability to combine parcels**
- **Strong regional water supply**
- **Canals for cooling and on-site power**
- **Private developer interest and ownership**
- **Capabilities in information/cyber security resident in region**

WEAKNESSES

- **Sites in Center City dilapidated and lack "curb appeal" –overwhelming blight**
- **Real and perceived environmental remediation**
- **High commercial/industrial property tax rates**
- **No site-ready consensus**

OPPORTUNITIES

- **Create Devens-style initiative –pre-permitted sites, targeted uses (industrial, mixed use)**
- **Extend TIF to 15-20 years to mitigate property tax disadvantage**
- **Work with partners (PVRR, HG&E, etc) to prototype industrial facilities/site**
- **Bundle assets –energy, fiber, low land cost, talent supply systems, entrepreneurial ecosystem**
- **Establish applied leadership role in information/cyber security/Homeland Security solutions**

THREATS

- **Potential lack of funding to improve sites to level to attract site selectors and businesses**
- **Political challenge of lowering long-term property tax rates for business**
- **Need to focus improvements and grow over time rather than all areas at once**

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Additional items offered by participants:

- *Expand analysis to include commitment to parks and trails.*
- *How well can we position the architectural and historical legacy of Holyoke?*
- *Add context of Urban Renewal Plan Initiative.*
- *Need for more development-ready sites.*

INDUSTRIES

CRITICAL DATA SUMMARY

Per Massachusetts Labor & Workforce Development (EOLWD WD) ES-202, current regional industry concentrations include (starting with highest concentration):

- Paper manufacturing
- Transit and ground passenger transportation
- Miscellaneous manufacturing
- Educational services
- Fabricated metal product manufacturing
- Plastics and rubber products manufacturing

The same source indicates the fastest growing industries from 2001 through 2009 include (starting with fastest growth):

- Chemical manufacturing (130.4% v Massachusetts decline of 11.2%)
- Performing arts & sports
- Museums
- Securities & investments
- Waste management
- Computer manufacturing (42.8% v. Massachusetts decline of -37.9%)

Holyoke's 10 largest employers include (beginning with the largest):

- Holyoke Mall
- Holyoke Medical Center
- Local Government
- Holyoke Community College
- ISO New England
- BayState Health Systems
- Holyoke Soldiers Home
- Providence Behavioral HC
- Holyoke Rehabilitation
- Holyoke Crossing

Industries identified regionally for further clustering analysis include:

- Biomedical and health companies
- Manufacturing companies
- Digital technology companies

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INDUSTRIES SWOT

STRENGTHS

- Concentrations in manufacturing industries
- Eds and Meds –health care, bio-med, colleges and universities
- Emerging cluster in digital technology – smaller size firms, new investments (GHPCC and Springfield Data Center)
- Renewable energy –hydro and new solar projects
- 5 University Research Consortium commitment to the community –presence, research, partnerships
- Key elements of entrepreneurial ecosystem are present
- Culture of customer service
- Fundamentals of State to Region to Local economic development delivery are in-place
- Solid portfolio for companies with green/ sustainability ROI
- Competencies and growth in information security

WEAKNESSES

- Relatively low concentration in professional and technical services –industries and occupations
- Small construction sector reflects low investment and growth in recent years
- Holyoke large employers concentrated in health care, government and retail

OPPORTUNITIES

- Grow digital technologies –link to assets that drew GHPCC and Data Center
- Renewable energy –R&D, smart grid, manufacturing, generation
- Advanced manufacturing and distribution –link to assets of energy, rail, sites
- Creative economy –arts, graphics, Green design and construction, etc
- Supply chain intervention for target industry cluster –"know your industry"
- Center of excellence for information/cyber security

THREATS

- Uncertain what industries attracted due to GHPCC
- Other challenges –sites, taxes, labor, etc
- Trend of manufacturing to locate labor intensive operations in less expensive areas (eg, Evergreen Solar to China)

Additional items offered by participants:

- *What do we need to do to ensure Holyoke residents have the education, training, and entry points for the most promising industry opportunities and jobs?*
- *How do we learn how to help entrepreneurs and small existing businesses to connect with and provide value for existing industries?*
- *Where do we spend precious resources on regional activities (jobs and careers) v. work in Holyoke to connect residents to local opportunities?*

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Other Key Annotations, Questions and Ideas:

- Task Force members want to understand how the SWOT should be managed and updated to reflect assets and values from an Innovation District to Holyoke to Pioneer Valley level. Some SWOT entries may be uniquely local, but of high value to residents of Holyoke's city center, while others may require the attention and action of regional partners.
- Task Force members and community attendees look forward to the project providing clarity on exactly what the Innovation District is, what growth and investment agenda works best, and how the District connects for jobs for Holyoke residents.
- See if updates on available residential space are needed.

The SWOT will be updated based on Task Force feedback and then serve as the foundation for the next stages of project activities. They include:

- Energy strategy development
- Industry strategy development
- Innovation ecosystem strategy development
- Public input

The consultant team will also be preparing briefings on key site selection factors and five communities in other regions that are dealing with catalyst events and potential green tech opportunities. The existing Innovation District portal is going through economic development and communications analysis so that it may transform, over time, to a resource for decision makers.

Contact Information

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The Innovation-based Economic Development Strategy for Holyoke and the Pioneer Valley is coordinated through:

The John Adams Innovation Institute of the Massachusetts Technology Collaborative

For more information on the Task Force, catalyst activities, and strategy development please visit:

http://www.innovateholyoke.com/

Next Task Force Meeting

April 6, 2011 • 1:30 - 4:00 pm
Holyoke Transportation Center

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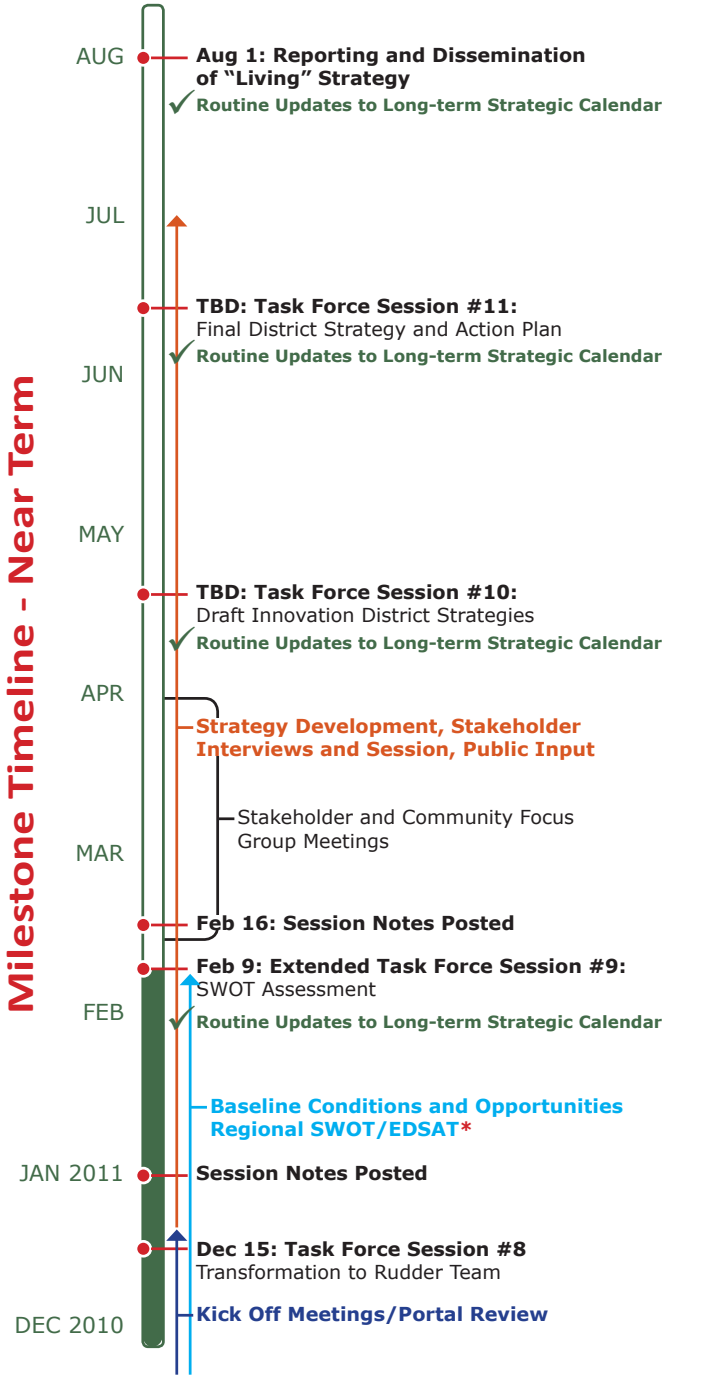

* *Economic Development Self Assessment Tool for Holyoke*

APPENDIX - EDSAT Summary

Holyoke's Strengths

- Efficient permitting process
- Still, permitting can be streamlined more with single presentation format
- Lower electricity rates
- Proactive in using state and federal grants for parking facilities
- Larger proportion of workforce are professionals

Changes in Strength from 2006-2011

- Stronger enforcement of codes and regulations on abandoned buildings, trash, etc.
- Increase in proportion of greenfield sites
- Increase in proportion of commercial sites five acres or larger
- Increase in home ownership rate

Holyoke's Weaknesses

- More vacant commercial buildings
- More dilapidated housing stock
- More Class C and Class B office space; less Class A
- Fewer manufacturing and general office space sites with on site parking
- Higher parking fees
- Higher rents, especially at uptown sites
- Workforce appears less educated

Changes in Weakness from 2006-2011

- Increase of vacant commercial buildings by 5%
- Increase of rent by about $4-$5/sq. ft. in uptown (Ingleside) and downtown
- Increase in crime rate (burglary, robbery, and homicide); decrease in auto thefts
- Decrease in the percentage of high school students proficient in English and Math