

Marlborough Economic Development Corporation

Works to 'Expand the Pie'

BY ARTHUR BERGERON

Government officials are constantly thinking about, and often arguing about, how to divide up the pie. Do we cut the library budget or leave a police officer slot vacant? More school spending or better parks maintenance? Fire safety or pothole repair? Every department head, of course, and every constituency, is fighting to expand their piece of the pie. But whose job is it to expand the whole pie, so that there are more resources for everyone? In Marlborough, that is the job of the Marlborough Economic Development Corporation.

The MEDC was conceived by Michael Hogan, a Marlborough native and former mayor who has also worked as head of the Massachusetts Office of Business Development, CEO of MassDevelopment and, currently, as CEO of the A.D. Makepeace Company. In the early 2000s, Hogan concluded that Marlborough could emulate the successes of larger communities like Brockton and Lowell by creating an independent public/private entity whose sole job would be to encourage economic development. Ultimately, he persuaded the mayor and the City Council president at the time, Nancy Stevens and Arthur Vigeant, respectively, and several local business and community leaders that the idea was worth a try. With everyone on board, the Marlborough 2010 Corporation was created through special legislation in 2007. The organization's goal was to have a special entity implementing a clear economic development plan up and running by 2010. (The name was changed to the Marlborough Economic Development Corporation in 2010.)

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Initial funding came from corporate and individual contributions and pledges totaling more than \$100,000. The city made several annual appropriations to the corporation, but never more than \$25,000 per year. The lack of a sustainable funding source, however, necessitated a change in strategy. Eventually, with the support of the local business community, the City Council adopted the local-option rooms (hotel) tax and created a dedicated revenue account for economic development through special legislation (and subject each year to City Council approval). The tax revenue generates a little over \$600,000 per year.

An Economic Development Master Plan

With a steady source of funding now in hand, the MEDC immediately received City Council support to fund a comprehensive economic development master plan, at a cost of around \$170,000. This was not going to be the usual municipal master plan. First, the entire master plan development process

was completed in nine months. Second, the MEDC made it clear to its consultants that the one overarching goal was to maintain a stable residential tax rate by growing the assessed value of non-residential properties. The corporation estimated that non-residential assessments would need to grow by about \$1.4 billion over the next ten years in order to keep the residential tax rate stable. Having a well-crafted economic development master plan would help the MEDC do that.

Though there were hundreds of recommendations, the basic themes of the master plan, completed in 2011, were the following:

- The MEDC needed to grow the businesses that were already here. To do that, the corporation needed to know who these businesses were and what they wanted. Using an active Business Ambassador program that has included the mayor (now Arthur Vigeant), City Council President Trish Pope, and a host of others, the MEDC has conducted approximately eighty on-site visits to existing businesses since 2012.
- The MEDC needed to capitalize on the city's excellent accessibility and proximity to major roadways—Interstates 495 and 290 and the Massachusetts Turnpike—to lure growing startups from the Boston/Cambridge area, so that they could expand in Marlborough at affordable rents.

- The MEDC needed an executive director with a thorough knowledge of local and state incentive programs, what companies were looking for in the Greater Boston area and how Marlborough could best meet those needs. This individual also would need an intimate knowledge of federal, state and local economic development programs. The MEDC's executive director should be someone who could help unlock resources useful to medium and small businesses as well as larger ones.

Signs of Success

With a population of just under 39,000, Marlborough is roughly 6 percent the size of Boston. And yet Marlborough's "future move-in" commitments from businesses was second only to Boston in 2012, and Marlborough's business-friendly environment has resulted in higher absorption rates than in any surrounding community (see chart, page 13). All told, Marlborough secured 1.2 million square feet of "net absorption" and "future move-ins"—clear evidence that Marlborough is creating value for companies and their employees.

Having a dedicated agency to greet, court and work side-by-side with potential employers and tenants positioned Marlborough to achieve the following in just one year:

- TJX Companies decided to expand into Marlborough, by buying the existing Fidelity campus and investing approximately \$116 million at the site for about 1,600 employees.
- Atlantic Management obtained approval for an integrated zoning overlay district allowing for apartments, hospitality, retail and more office space on the 100-acre site formerly occupied by Hewlett-Packard. Atlantic Management also negotiated a lease of 200,000 square feet of office/manufacturing space with Quest Diagnostics, which is moving from Cambridge and other locations with about 1,200 jobs.



PHOTO COURTESY MEDC

This four-story building in Marlborough Gateway Business Park on Crowley Drive, with 100,000 square feet of space, recently added the headquarters of Park Place International as a tenant.



Marlborough has numerous locations that are ready and waiting for corporate tenants.

- Boston Scientific decided to expand its presence in Marlborough by moving its global headquarters to the city, adding 130,000 square feet and another 800 employees, including the CEO.
- A dozen smaller companies also moved or expanded in Marlborough, which will add 4,000 net new jobs over the next twelve to eighteen months.

Was all this due to the presence of the MEDC? Not entirely. In several instances, the successful negotiations relied heavily on “tax increment finance” (TIF) agreements to compensate for the fact that Marlborough has a commercial tax rate substantially higher than that of many neighboring—and competing—communities. Mayor Vigeant, an active participant in all the local TIF agreements adopted in the city since the program began, led the TJX and Quest negotiations. With a supportive City Council, the proposed agreements all received unanimous support.

The past two years have been crucial to cementing the credibility of the MEDC,

particularly after it helped to reel in large employers like TJX and Quest. The MEDC’s visibility is such that any company looking to relocate or expand in Marlborough now knows whom to call. The city has a full-time sounding board with which companies may discuss any ideas they have for expansion or, even better, for things the city can do to improve its appeal to a wider array of industries.

Doing the Work

Of course none of this success happens without effort. The MEDC works hard to get on the radar of companies that may be moving or expanding, as well as the commercial brokers that help these companies find locations to meet their needs. The MEDC focuses on building relationships—with the companies that are already located in the city (in order to retain them), with companies that might be looking for space, and with real estate brokers. The MEDC reaches out to senior management, officers and finance directors of corporations as well as to brokers.

The MEDC works to make sure the city is on the short list of potential new locations for companies.

Marlborough has decided to focus on a couple key industries, such as life sciences and advanced manufacturing of medical devices. Beefing up the Rolodex and working the phones is key. It’s important to know what’s happening in the marketplace, and to be prepared for prospective new tenants. The MEDC needs to know exactly what the city has to offer in terms of potential locations, rates and amenities at any given time.

Through monthly on-site meetings with local companies, the MEDC is learning that what they want are the amenities that will allow them to attract the young and talented workforce that has become accustomed to living in areas like Boston and Cambridge, where conveniences like banks, dry cleaners and drug stores are either a short walk or ride away. Another recurring theme from some of the company executives is the desire for more walking and bicycle trails for their employees.

PHOTO COURTESY MEDC

In response to that, the city has embarked on an integrated walking trail system throughout the city. Marlborough was awarded a \$1.65 million MassWorks grant from the Executive Office of Housing and Economic Development for a complete roadway reconstruction of Simarano Drive, a major artery in the office park area, including the addition of a sidewalk and bicycle paths stretching nearly a mile long. Among longer-term items on the MEDC's "to do list" are creating better access to public transportation and expanding regional bus links to nearby MBTA Commuter Rail trains during the rush hours to make the reverse commute practical.

The life cycle of any organization starts with an idea that evolves into a vision and—if the right people are in place to see it through—reality. In order to sustain the long-term viability of any organization, there must be a constant willingness to adapt and evolve. Sometimes this means becoming involved in unforeseen initiatives. One example of

this is the MEDC's endeavor to hold a job fair called "Marlborough Works!" in partnership with the city of Marlborough. The idea for the event came from feedback received during visits to local companies, where the lack of a strong applicant pool was a common theme. The MEDC stepped in and identified an opportunity to better connect local employers with local residents. The result has been two consecutive years of 500-plus talented local and area residents converging at the job fairs to meet face-to-face with companies looking for new ways to reach prospective employees.

The MEDC will soon be facing perhaps its greatest challenge. The more than 4,000 new employees that will be



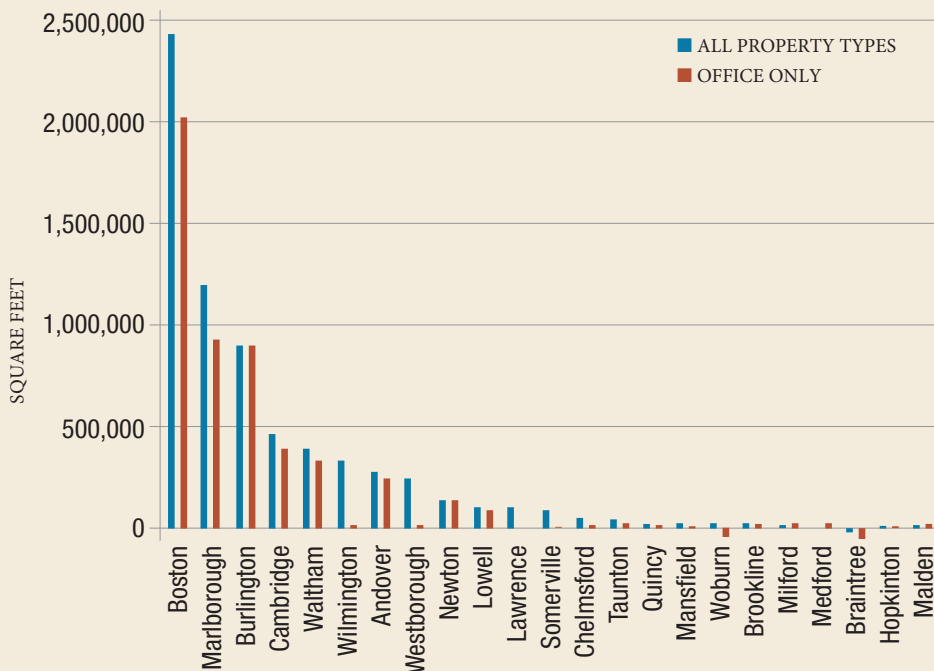
On a visit to Marlborough, Governor Deval Patrick looks at a map of recent development with Joseph Zink of Atlantic Management.

arriving over the next twelve to eighteen months will bring more activity, but also more traffic. To help alleviate this problem, the MEDC is looking to minimize employee trips during the day by working with developers and facility owners to locate desired conveniences closer to the workplace.

Marlborough also needs to better integrate new employers and employees into the community, connecting them to schools and senior populations through volunteer and mentoring programs. Many companies are expressing a desire to foster more company pride and collegiality through participation in local civic and charitable causes—from environmental cleanups to working with student clubs. Communities are foolish if they miss out on such opportunities for engagement.

This is all well and good, but Marlborough will not take its eyes off the reason that economic development is so crucial to the community. Local students need to be educated, roads need to be maintained, and public safety agencies must always be staffed and prepared. In other words, local government must continue to find ways to provide the services that residents depend on, even in a climate of cutbacks and a tepid economy. By growing the commercial tax base, a community can achieve these goals without overtaxing residents, who are struggling themselves to make ends meet. For this reason, more than any other, we must keep growing the pie. 🍷

2012 Net Absorption & Future Move Ins



Notes: This chart is for the Greater Boston market. Net absorption is the change in vacancy over a specific period of time, in this case January 1, 2012 through December 31, 2012. Net absorption considers changes that were agreed upon and took place in the specified time period. "Future move ins" take into account transactions executed but not yet physically occupied.

Source: Avison Young and CoStar Group