

The Competitive Edge

Recommendations for Enhancing Middletown's Economic Climate



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Middletown, Rhode Island

July 2007

Submitted to:

Town of Middletown, Rhode Island

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I. Purpose of Study

A. Background

In order to coordinate and implement economic development initiatives, the Middletown Economic Development Advisory Committee (MEDAC) was originally established in 1991 and was reorganized on April 7, 2003 by a Town Council Resolution. As the main economic development implementation and planning body for the Town, the MEDAC has worked to foster and promote economic development by enhancing the Aquidneck Corporate Park business capacity and assisting in studying and promoting the growth of the defense related industry on Aquidneck Island, as well as other initiatives. In January of 2007, the Middletown Town Council authorized a request for proposal (RFP) to conduct a study on the Middletown economic environment. The RFP identified three areas of research and analysis. The scope of the RFP was to identify issues facing economic development, recommend action steps to address those issues, and provide recommendations for an economic development marketing strategy for the Town of Middletown.

The Town of Middletown hired the Mayforth Group to conduct an evaluation of the Middletown economic climate. The Mayforth Group is a government relations and public policy consulting firm with offices in Providence, RI and Washington, DC. With over 20 years combined experience working on public affairs issues at all levels of government, the Mayforth Group specializes in federal and state appropriations and public policy development and advocacy. Areas of expertise include economic development, healthcare, homeland security, and defense.

In accordance with the RFP, the Mayforth Group conducted an evaluation of the Middletown economic climate by working with business leaders, elected officials, and local citizens to identify issues and recommend courses of action to enhance economic development in the Town. This first step is to provide the Middletown Economic Development Advisory Committee and the Middletown Town Council with an overall analysis of issues that enhance or impede economic growth in the area. The second goal of this report is to provide recommendations to help create, enhance, and sustain a fertile economic environment for the future. In order to gain a diverse understanding of the issues facing the Middletown economy, the Mayforth Group has used a comprehensive information gathering process that took place over the course of four months.

B. Methodology

- An extensive one-on-one outreach effort took place, targeting key economic development stakeholders such as elected officials, business owners, interested citizens, and economic development organizations (please see appendix A for a complete listing of informational interviewees).
- An analysis was conducted on previous studies and research including newspaper articles, economic development policy reports, industry literature, and electronic resources.
- An analysis was conducted on how comparable communities throughout Rhode Island and the United States implement an economic development function.
- Two sets of office hours were held at the Newport County of Chamber of Commerce to allow businesses the opportunity to provide recommendations and issues. These meetings were held on May 1, 2007 from 1:00 PM to 4:00 PM and on May 10, 2007 from 9:00 AM to 1:00 PM. Meetings were announced in the Newport Daily News on Monday April 20, 2007, advertised in the Newport County Chamber of Commerce Spring Newsletter in April, and posted in Town Hall.
- Two focus group meetings were held with two larger trade organizations within Middletown, including the Aquidneck Corporate Park Owners and Tenants Association and the Southeastern New England Defense Industry Alliance (SENEDIA). These focus groups provided an in-depth discussion on the Town's economic development climate and suggestions for further improvement, specifically curtailed to their respective areas of expertise.
- Using the information gathered from the first three actions, an electronic survey was administered to Middletown businesses through the Newport County Chamber of Commerce (please see appendix B for a copy of the survey). A complete evaluation of data received has been incorporated into this document's results.

II. Introduction

A. Overview: The Middletown Economic Environment

Since its reorganization in 2003, The Middletown Economic Development Advisory Committee has provided planning assistance and different initiatives to help foster economic development. As such, Rhode Island was one of the few locations in the country that will see a marginal gain in military investment through the 2005 Base Realignment and Closure process. In anticipation of these potential gains, and recognizing the need to improve the Town's economic development function to compete in the regional and national economy, the MEDAC has begun to take steps to enhance Middletown's economic environment.

In order to better understand and utilize the Town's corporate infrastructure, the Town of Middletown, with assistance from Pare Engineering and Ninigret Partners, developed a Corporate Build- Out Analysis (CBOA) report in December of 2005. This report was the first step in creating an economic development plan for the Town.

There were many recommendations in the CBOA outlining the existing corporate park infrastructure, potential future uses, and how best to position this infrastructure for maximum economic gains. The findings and recommendations outlined in the CBOA should be used as a benchmark for further business growth and acted upon in order to augment the recommendations in this report.

Middletown is the high tech and retail hub of Aquidneck Island. The Town's strategic location to Newport, the Navy and the intellectual capacity of the northeast corridor, united with unprecedented natural beauty and quality of life indicators, provides a strong baseline for economic development.

Historically, the Middletown economy has been anchored by agriculture and services to the Navy. The contemporary Middletown economic drivers are tourism and technology, as well as the service sector and retail. Middletown has assumed the role of "shopping center of Aquidneck Island" with the abundant growth of retail development on East and West Main Roads.

As a first generation suburb, the Town has balanced the diversity of residential areas, corporate establishments, open space and natural resources well. In fact, Middletown has the most accessible beaches on Aquidneck Island, while also having the largest concentration of business on the Island. The balance between quality of life and economic development potential is quite relevant and important to the people of Middletown.

Historically, the Navy has played a major role in the Aquidneck Island economy. During WWI and WWII, Newport would become the major United States training and torpedo research location, culminating during post WWII in the Naval Training Station in Newport and the Naval Air Station and Construction Battalion in Quonset/Davisville. In 1973 under the Shore Realignment Plan, most of the ships and supportive shore services were relocated to the south and the remaining Newport commands reorganized as the Naval Education Training Center, Naval Undersea Warfare Center and US Naval War College. Today, these commands comprise much of the Navy’s finest officer training, education and undersea research capabilities employing thousands of military and civilian personnel, and supporting thousands more private sector jobs through companies including Raytheon in Portsmouth and Electric Boat in Quonset Point.¹

This illustrates the long history and economic ties between the defense sector and Aquidneck Island. However, with the historical economic dependence on the Navy and the devastating effect on the 1970’s downsizing, Middletown bolstered its future economic development potential with the development of the Aquidneck Corporate Park. In an article for the Providence Business News discussing the Town’s defense industry history Justin Sayles writes,

At the beginning of World War II, the U.S. Navy purchased more than 300 acres of waterfront property in Middletown. Originally farmland, the land was converted to naval support facilities and housing, according to Middletown’s comprehensive community plan. With a population that rose 900 percent between 1940 and 1970, the town saw the creation of a large public service sector – one that added thousands of jobs to Middletown and all of Aquidneck Island. A 1973 reorganization of Navy operations caused 14,000 jobs to be cut from the Newport Naval Complex, the comprehensive plan said. ‘Around that time, with the Navy reducing its presence, the three communities on the island sought a way to attract companies for job creation’, said Silva, who currently serves on the town’s Economic Development Advisory Committee. ‘With all three municipalities contributing to its creation, the Aquidneck Corporate Park was born and proved to be a boon to all’, Silva said.²

The development of the Aquidneck Corporate Park, as well as the Newport Corporate Park and the Enterprise Center, has served as a baseline for economic growth centered on the intellectual Navy.

According to MEDAC consultant Bill Collins of the Bureau of Government Research and Services at Rhode Island College, the current demographic of the workforce on Aquidneck Island also bodes well for economic development. 8,300 people, or 25% of Aquidneck Island’s jobs, are in high tech (most of these jobs are located in Middletown’s office parks).

The adult population on Aquidneck Island is well educated with 40% attaining a bachelors degree or higher (in relation to 21% for Providence County). The 40% rate matches the average in Metro Boston, which further illustrates Middletown's economic potential.

According to the 2000 US Census, a majority of Middletown residents are employed in the management and professional occupations (41.5%). This is followed by sales and office occupations (25.7%) and service occupations (17.0%). Education, health and social services are the largest industry in Middletown (26.2%) followed by professional and scientific services (13.7%) and retail trade (12.4%).

Tourism also plays a major role in the Town's economy. Beautiful beaches, natural resources, tourism overflow from Newport, close proximity to Boston and New York, and the ability to provide the brunt of retail services to Aquidneck Island provides a fertile environment for the tourism industry. According to the Newport County Convention and Visitors Bureau, Middletown ranks second of the six towns in Newport County in tourism revenue, receiving 27% of total tourism dollars spent on Aquidneck Island. In FY 05 - 06 the hotel tax and the meals and beverage tax generated close to \$1 million dollars to Middletown. The ability to provide a cost savings alternative to Newport has created substantial growth in the hotel and restaurant industry. According to Collins, employment in retail stores, restaurants and hotels grew by 1,900 between 1990 and 2005.

The steps taken to balance quality of life by preserving open space and encouraging development has been positive and effective. Targeted development (ie. Aquidneck Corporate Park improvements and The Economic Development Tax Incentive) and an emphasis on curbing existing retail growth has been the hallmark of recent economic development efforts. The trend towards ecotourism and smart growth development (Newport Vineyards, Norman Bird Sanctuary) has shown that Middletown does not have to lose its soul to grow the corporate tax base.

Without a coordinated economic development function, Middletown has done surprisingly well in growing the corporate tax base. The market has responded to the needs of the high tech and tourism sectors. The convenient proximity to the Navy and its intellectual capacity coupled with Aquidneck Island's most attractive corporate infrastructure has led to economic gains in this sector. The mid range hotel and restaurant boom is in direct correlation to the high hotel and restaurant prices in Newport. Middletown has provided an opportunity for people to enjoy the Newport experience who might otherwise find it unaffordable. According to the Newport County Convention and Visitors Bureau, this is illustrated by the fact that in 2005 an average room per night in Newport was \$191.05 versus \$106.05 in Middletown.

Economic development does not happen in a vacuum. In fact, there are many impediments to economic growth on Aquidneck Island. On a macro level, issues such as affordable housing, transportation infrastructure and regional and global competition are all factors that can impede economic development. On a micro level, recent BRAC gains and the saturation of retail development along East and West Main Roads are indicators for economic diversification. In response to a question regarding the town's economic development function one MEDAC member said, "The town is more of a retirement community, not pro-business. There isn't a game plan. I really don't think much thought has been given to an organized approach to economic development in the past". Middletown is in a unique position. Through a coordinated and focused effort, the town will be able to build on successes and learn from mistakes in order to grow the future economy. The time is now.

III. Issues and Recommendations

A. Town Hall as an Economic Engine: A Catalyst for Growth

1. The Middletown Economic Advisory Committee

The Middletown Economic Development Advisory Committee (MEDAC) was originally established in 1991 and was reorganized on April 7, 2003 by Town Council resolution. This committee serves as the main economic development implementation and planning body for the Town. The newly reorganized committee consists of seven resident members, each serving a five-year term. The Town Planner, one representative from the Town Council and one from the Newport County Chamber of Commerce, serve as ex-officio members.

In general, an advisory committee structure can be a very useful tool in oversight, collaboration, outreach and strategic planning. However, many respondents were unaware that the MEDAC even existed. Businesses such as KVH (who recently almost moved out of Middletown) and IBM (who moved out of Middletown this year) did not have any contact with the MEDAC local officials to discuss their plans to move or any potential issues. As the Town economic development arm, the MEDAC needs to be more accessible and visible. While MEDAC has played an important role in economic development, further efforts should be made to bolster the Committee.

Changes to the make up of the MEDAC and the adoption of a work plan are necessary to ensure accountability and a diverse membership reflective of the business community. The MEDAC should be more user-friendly for businesses. The Committee should provide an opportunity for an information exchange between the business community and Town government.

Recommendations:

- Meetings should be held at times that are convenient for small business owners. (early morning or evening).
- In an effort to be more inclusive, an effort should be made to have meetings take place at individual businesses a few times a year. This will provide a greater understanding of the issues facing businesses and ensure open lines of communications with government and business.
- The MEDAC, in conjunction with the Town Council, should make an effort to implement a business outreach program where members visit and tour businesses once or twice a quarter. This will go a long way in helping to change the perception that the Town is not business- friendly.
- The sense of Middletown as an economic community will go a long way in fostering public- private partnerships, which are vital for future economic development planning. Cooperation and an open door policy should be established. This is also a key selling point in the branding and marketing of Middletown as a great place to do business.
- The enabling resolution of the MEDAC should be changed to include language specifying certain appointees represent key economic sectors, such as the defense technology industry, hospitality and tourism, retail etc. Ex Officio members should include representatives from the Newport County Convention and Visitors Bureau, CCRI and the Aquidneck Corporate Park Tenants Association.
- The creation of an ad hoc committee system comprised of active and enthused members will help the MEDAC delve deeper into issues and provide salient recommendations.
- Changing the terms of appointment from five to three years will allow for greater community participation and additional input from different voices.
- MEDAC and the Town must continue to work with the Aquidneck Island Planning Commission to ensure that potential excess Navy surplus land is developed and utilized in a manner that accomplishes local economic development and planning goals. This should include balancing the implementation of mixed use and affordable housing development and open space preservation.

2. Business Development Coordinator: Navigation, Coordination and Marketing

In recognizing the competitive nature of the regional and global economies, municipalities throughout the State and other comparable areas have begun to implement an economic development function to maintain and grow existing businesses, as well as entice new businesses to relocate. In an attempt to offset the growth and reliance on property taxes, the economic development function has proven to be an effective tool in growing the municipal business tax base.

Many cities and towns in Rhode Island have economic development staff that work with the business community to make it easier to navigate government regulations and programs and provide one stop shopping for business needs. Different municipal economic development function structures exist in communities throughout Rhode Island and the United States. For example, communities such as Providence and Pawtucket have Economic Development Corporations that employ staff and have boards of directors. Cranston and Warwick have municipal offices of economic development with two or more staff people. Some of the larger municipalities throughout the state offer an array of low interest business loans, tax stabilization treaties, and tax incentives.

Other communities throughout the country employ a municipal economic development function and utilize regional economic development agencies. For example, Charleston, SC employs an economic development team of nine employees whose responsibility is to promote and maintain a strong business climate throughout the city and to foster a healthy and sustainable economy. The City also uses the Charleston Regional Development Alliance. This organization is a full service, professional economic development organization representing Berkeley, Charleston and Dorchester counties in South Carolina. The alliance serves as a resource to help businesses streamline the site selection process and assist with issues ranging from buildings and sites to financing and workforce training. The Alliance is organized as a public/private, not-for-profit corporation funded jointly by the three county governments and over 100 area businesses.³

On Aquidneck Island, each of the main communities addresses the economic development function in different ways. Economic development in Newport is handled by the city’s Department of Planning, Zoning, Development and Inspection, with assistance from the Newport Redevelopment Agency. Newport is currently in the process of hiring a full time Director of Economic Development, responsible for spearheading all of the City’s economic development efforts. Portsmouth, in 2002, hired a part time director of business development whose mission is to assist in the implementation of policy established by the Town Council to encourage business growth and retention and to increase the business tax base. In Middletown, the responsibilities

for economic development fall on a number of shoulders, including the town planner, administrator, the Town Council and the MEDAC, as well as the Newport County Chamber of Commerce.

Respondents noted that dealing with the town can be a confusing process. According to Town Administrator Gerry Kempen, "There is no central point for everything with economic development in Middletown. Some comes to me, some goes to Ron [Wolanski, Town Planner], and some goes to Jack [Kane, Building Official]. It just depends on the question and who it comes into."⁴ The Middletown model is not conducive for a proactive economic development function.

There is a need for greater coordination and consolidation of the economic development function. For example, Mike Kanis, who opened Jim's Aquidneck Deli located at 957 West Main Road, had a very difficult time navigating the maze of municipal regulations. He said the Middletown process was not easy to follow in starting up his business. While everyone he spoke with was pleasant and helpful, Kanis said he was left to wonder if he was getting the right information. "My first approach to the town, was that 'I'm here and I want to do business' and I was told all I needed was a victualling license and that's it," Kanis said. "As things got going, it turned out to be much more. Even the banners I bought to advertise my business were cut down by the town because they didn't meet the regulations, but there's no place to find that out in a quick way."⁵

Another example of the lack of direct lines of communication is the account of how KVH was discovered to almost have left Middletown, which was relayed by one Middletown employee. A Town official overheard a KVH employee in Town Hall discussing a potential move for the company. Luckily, the official alerted the town administrator and the Newport County Chamber of Commerce and an agreement was made to help KVH stay and grow in Middletown. Communication and coordination is imperative to effective economic development efforts. KVH, or any employer, needs to know there is someone in Town Hall that they can talk to.

Recommendations:

The essence of a municipal economic development function should be navigation, coordination and marketing. For the business climate to flourish, government should be easy to navigate and provide guidance and information in order to be as user-friendly as possible. Customer service is paramount in creating Middletown's "business persona". This economic development customer service has been lacking in Town Hall, mostly due to typical overburdening of municipal employees seen in communities across the state. However, a town with 18,000 residents should focus on having communication as one of its strengths, so as to address the needs of all constituents and taxpayers.

- Middletown should hire a part-time business development coordinator (BDC) who will be responsible for growing the town's corporate tax base by helping businesses locate to Middletown and nurturing the growth of existing businesses. This function can come in the form of a Town employee or a consultant. The BDC, in cooperation with the MEDAC, should develop and execute the Town's economic development work plan.

Economic Development is vision enhancement. Therefore the BDC function should be both technical (provide assistance with tax credits, zoning planning initiatives, etc.) and public relations (selling Middletown as a great place to do business).

- The BDC should act as a navigator of the bureaucracy making sure businesses do not get sidetracked with permitting and other governmental functions. As the point person for business development at Town Hall, the BDC should be responsible for facilitating the flow of information between the local business community and the many business development programs and incentives offered at the Federal, State, and Local levels.

Recommended responsibilities of the Business Development Coordinator:

- Research and secure grants for town economic development initiatives.
- Serve as the staff assistant to the MEDAC.
- Serve as a Town representative to the Newport County Chamber of Commerce, the Newport County Convention and Visitors Bureau, and the Aquidneck Island Planning Commission (AIPC). Currently, the Town Planner and two Planning Board members represent the Town on the AIPC. The BDC should get involved in the Aquidneck Island Planning Commission on an as-needed basis, and as economic development issues arise requiring his/her participation.
- Serve as the first point of contact for businesses - assist in helping with the permitting process. Establish a dedicated phone line for business requests.
- Serve as a conduit between the business community and all state and federal small business development agencies.
- Work in conjunction with local realtors to advertise and market available corporate infrastructure and assist in helping businesses relocate.
- Serve as a liaison between the business community and the local Navy, NUWC and Coast Guard to help foster economic opportunities and enhanced relationships.

- Serve as the liaison to the Aquidneck Island Corporate Park Owners and Tenants Association.
- Create a one-stop checklist portfolio (both print and electronic) for start up businesses outlining rules and regulations regarding signage, building facades, zoning ordinances and other development.
- Develop and maintain one general corporate database of existing businesses and another with available corporate infrastructure.
- Develop and maintain the economic development website and undertake marketing procedures to promote economic development services that should be linked directly to the Middletown web site. Include a listing of available corporate infrastructure and realtor information.
- Create a monthly Middletown Business News letter update to local businesses – providing info on local, state, and federal economic development initiatives and highlighting local businesses.
- Establish the Middletown Business Association, which will provide opportunities for networking and collaboration among Middletown businesses. The Portsmouth Business Association can be used as one such model. www.portsmouthbiz.org
- Work with the business community and local media outlets to highlight new businesses and success stories.
- The BDC will be responsible to help coordinate and develop goals and strategies to create opportunities for tourism based economic development.
- Serve as a small business ombudsman working with the business community to advise the Town on any specifically onerous rules or regulations (similar to the US Small Business Administration ombudsman at the Federal level).
- Work to coordinate an annual technology summit to take place in Middletown.

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3. Tax Incentives

In order to compete with the myriad of incentives offered by other state and local governments, and the close proximity of the Portsmouth Enterprise Zone, Middletown established an economic development tax credit in 2003 (Town Code CHAPTER 39: ECONOMIC DEVELOPMENT INCENTIVE PROGRAM) which provides incentives for long-term business growth and job creation. The Middletown Economic Development Tax

Incentive provides property tax incentives for job creation and building and construction and renovations. The following bullets outline the Middletown Economic Development Tax Credit:

- Eligible businesses include office and manufacturing uses. Retail businesses are not eligible for the exemptions.
- The tax exemptions can be applied to real estate property tax, or to personal property tax in the case of a business leasing space.
- The exemptions for jobs creation and building construction/renovation can be combined.
- Documentation in support of requested exemptions must be provided to and approved by the Tax Assessor.

The effectiveness of the program is unclear, due to the limited (if any) amount of businesses that have taken advantage of the program and the lack of data showing the correlation between the incentive and job growth. Currently no businesses take part in the incentive program and since its inception only four businesses have utilized the credit.

Furthermore, many business owners do not know that this incentive (or any state incentives) exists. While it is commendable to have these incentives to show the Town is committed to economic development, the only way to analyze its effectiveness as a job creator is to get businesses to take advantage of it.

There also needs to be better execution of the tax incentive. One defense contractor tried to take advantage of the incentive and met with the tax assessor to go over the implementation. Unfortunately, the tax assessor did not have the appropriate information regarding the credit and there was some confusion regarding implementation. After an hour of confusion there was no resolution to the problem and the businessperson left the office in frustration and never took advantage of the incentive.

Recommendation:

- The MEDAC should create a workgroup with key business owners, tax assessor, planner, and some local CPAs to discuss the efficacy of the credit.
- The Business Development Coordinator should market existing tax incentives to businesses through email, the Newport County Chamber of Commerce and at field meetings.

- Further analysis and discussion should take place on developing a state tax credit program that provides tax incentives to defense technology firms located in Middletown. Geographic tax incentives such as enterprise zones and arts districts have been important economic development tools in communities throughout Rhode Island.
- In order to capitalize on existing corporate infrastructure, incentives should encourage property owners to renovate and/or rebuild on existing office sites to meet the changing needs of high tech and defense related firms.⁶
- Existing State incentives, such as the Accelerated Amortization for Defense Manufacturers incentive, should be highlighted and marketed. A comprehensive list and explanation of these incentives can be found at <http://www.riedc.com/files/RIBusinessIncentives2006.pdf>.

B. Tourism and Hospitality: Location, Location, Location.

The tourism and hospitality industry is very important to the Middletown economy. According to the Newport County Convention and Visitors Bureau, Middletown lodging properties earn over \$22 million and restaurants earn over \$50 million a year in gross revenues. Middletown ranks second on Aquidneck Island in tourism revenue. The seven indexes that make up the tourism industry (lodging, attractions, shopping, dining, transportation, recreation and special events) are a major multiplier in the local economy.

Nationally, travel and tourism is a \$1.3 trillion industry. Travelers produce “secondary” impacts over and above their original expenditures, creating additional revenue in secondary sales. Indirect sales occur as travel industry businesses such as restaurateurs purchase goods (food and beverage) and services (electricity, building maintenance) from local suppliers, thereby generating more economic output. Induced impact occurs as employees of travel businesses and their suppliers spend a part of their earnings in the area. This concept can be applied to employment as well. From florists to bakers, event producers to video technicians, and construction workers to architects, these trades support businesses that directly service visitors. These individuals more than double the direct employment of the travel and tourism industry.⁷

Middletown has two hubs of economic development. The retail hub located along West Main Road and the technology hub located in the Aquidneck Corporate Park, Enterprise Center and Corporate Place. However, there is not a tourism hub or town center.

Many respondents were concerned that there was not a main focal point for tourism. East Main Road has been well preserved through targeted developing and zoning in order to preserve the area’s rural character. This should be taken into consideration for further tourism development. This should be taken into consideration for further tourism development. A planned “town center” would not only restore planning and civic pride but would create a physical “tourism center” as an alternative to Thames Street in Newport.

Recommendation:

- A MEDAC subcommittee (town/tourist center study group) should be formed to discuss the development of a tourist hub. Members should include local business owners, planning officials, representative from the Aquidneck Island Planning Commission, the Newport County Chamber of Commerce and the Newport County CVB.
- Future tourism development on East Main Road should focus on the agro- tourism that currently exists and explore expansion or enhancement opportunities.

1. Atlantic Beach District

The Atlantic Beach District, with Easton’s (First) Beach as the generator, is a great asset for the Town of Middletown. Recent development led by the Kyriakides family has transformed the area into a self-contained tourist environment with hotels, restaurants and event facilities all within walking distance of each other. In order for this area to reach its full potential, the Town has wisely begun the process of developing an Atlantic Beach District Master Plan that will be used as a blueprint for future growth. Approximately 70 residents and business owners attended the Atlantic Beach District Master Plan public workshop meeting in February, which shows the interest and need for planning and improvements. The Atlantic Beach District Master Plan will be an important tool to implement recommended public improvements and to guide private investment.

Water Quality is a major concern for businesses in the Atlantic Beach District. Ensuring the wastewater situation is remedied needs to be a high priority. The negative public perception surrounding the closings of Easton’s (First) Beach due to high bacteria levels has caused anxiety among businesses about the affect of closed beaches on tourism. Many business owners shared concerns that if this problem continues, it could have a long lasting affect on the tourist economy. One Atlantic Beach District business owner succinctly characterized the potential problem as, “If I am a tourist in New England, why am I going to go to a place where the beach might be shut down when I can just as easily go to the Cape?” Because the tourist economy is so dependent on day trippers, it

is imperative that this issue is resolved so that businesses in this area are not put at an unfair disadvantage to their regional competition. Many respondents also have cited the availability of parking in the Atlantic Beach District as a problem.

The Atlantic Beach District is the main multiplier for the Middletown tourist economy. The goals for the Atlantic Beach District set forth by the Middletown Planning Board are:

- Develop and implement safety and aesthetic improvements to promote pedestrian activity and support local businesses.
- Study traffic flow and parking within the district and provide recommendations for efficiency.
- Identify opportunities to capitalize on the proximity of the district to beaches, hotels and other attractions for the benefit of residents and businesses.
- Identify options to promote private development and redevelopment including opportunities to promote an appropriate mix of uses and building site design.

The expeditious development and implementation of the Atlantic Beach District Master plan is critical for future tourist economic growth.

Recommendations:

- There needs to be a regional approach working with Newport and the State Department of Environmental Management to ensure the excess bacteria issues of Easton’s (First) Beach are addressed, including seeking funding for Woods Hole study phases 2 and 3.
- Further funding should be sought following Woods Hole studies to implement their recommendations.
- Funding should be sought for multi hazard mitigation in this area (sewer infrastructure).
- Greater collaboration with the Rhode Island Congressional Delegation to acquire federal appropriations to address issues identified in the Atlantic Beach District Master Plan.

2. Marketing and Coordination: Capture Newport Residuals

The Newport tourist economy IS the Middletown tourist economy. Capitalizing on the strategic location of close proximity to Newport and its over three million visitors a year should guide planning and coordination efforts. However, a great location alone does

not mean that the tourism industry will spill over and flourish in Middletown. There are several factors that suggest that better coordination and marketing is important to keep people coming to the area.

The Newport tourist market is regionally based with over 93% of visitors arriving by automobile. This suggests that Newport is in competition with the many other tourist attractions in the Northeast. Also, tourism related businesses complain that the high tourism season (late June through Labor Day) is relatively short with as little as eight good weekends in the summer. Factor in a few rainy weekends and that number can shrink even more.

The Newport County Convention and Visitors Bureau is an excellent resource. In order to get the maximum out of the CVB's potential there should be greater collaboration and communication. The MEDAC and BDC collaboration model can position Middletown to take advantage of opportunities and plan for future tourism growth. Aquidneck Island has benefited from the many special events that take place in Newport. Respondents involved in the tourism and hospitality industry were very receptive to working with the Town to create tourism opportunities. Therefore, there should be a greater effort on marketing and coordinating tourism efforts. There should also be more of a focus on the creation of Middletown based special events aimed at bringing in tourists.

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Recommendations:

- In order to foster collaboration and protect the interests of tourism businesses, an effort should be made to create a subcommittee of the MEDAC (Middletown Hospitality and Tourism Advisory Group). The goal of this subcommittee should be to collaborate and promote the tourism industry in Middletown and to serve as an advisory body to the Newport County Convention and Visitors Bureau.
- The BDC will be responsible to help coordinate and develop goals and strategies to create opportunities for tourism based economic development. The BDC will then serve as the liaison between the MEDAC tourism subcommittee (Middletown Hospitality and Tourism Advisory Group) and the Newport County CVB.
- Middletown should get involved in planning festivals, concerts, nature walks, general activities, etc. to bring people into the area to lengthen the season and provide more economic opportunity.
- This information should be included on the Town website.
- Middletown should market its fall season. Many local New Englanders prefer to visit the area when their children are back in school.

C. Embrace your Neighbors

1. Using Relationships to their Fullest Potential: Business Development, Coordination and Collaboration

One of the most important duties of the BDC will be to serve as a conduit to help foster relationships with NUWC, the Navy, the Coast Guard and Town Businesses. There are two major issues dealing with the Defense Sector on Aquidneck Island. The first is the lack of knowledge that service providers have about working with the Navy or Coast Guard. Many companies interviewed would like to have a better working relationship with the Navy. One restaurant owner complained about his difficulty delivering sandwiches to the Navy Base. The second is the Town's lack of stewardship and collaboration with the defense contractors (SENEDIA).

The defense sector plays a pivotal role in the Middletown economy. The high level of technical skill required in the defense industry leads to higher wage levels than in many other industries. To equal the wage value of one defense industry job it would take nearly two average private sector jobs such as higher education, manufacturing and financial services. The defense industry also provides substantial trickle down effects for the local economy. The Department of Defense estimates that every \$100 of defense spending generates approximately \$70 in spin-off economic activity.⁸ The Town is fortunate to have an abundance of defense contractors who have taken advantage of the close proximity to the intellectual Navy and available corporate infrastructure.

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Recommendations:

There is a need for the Town to be more proactive in helping small businesses reach this market.

- Forums should be held with the Defense Sector and local businesses to discuss issues and foster collaboration.
- In order to truly maximize this potential, greater collaboration must take place between local, state and federal government and SENEDIA to work together to strengthen economic opportunities. The goal of this collaboration is to help bolster the image of Middletown as THE hub in New England for professional and ancillary services to the defense industry.
- Many defense contractors would like to see the Town spearhead efforts with the congressional delegation, the Navy, and local defense businesses to help secure homeland security funding grants to be spent within the defense industry in Middletown. Congressman Kennedy (House Appropriations Committee) and Senator Reed (Senate Armed Service and Appropriations Committees) are both in positions that can provide leadership on this issue.

- The Town should partner with other communities in Newport County and State officials as well as the Newport County Chamber of Commerce to lead a delegation of local officials and business leaders (defense/technology companies) to Washington DC to advocate for the entire community. Continue to work with the Aquidneck Island Planning Commission in regard to the potential transfer of surplus Navy lands.
- Further research and analysis should take place on a regional economic development initiative similar to the former Aquidneck Island Development Corporation (circa 1975). The initiative would secure grant funding to develop and execute a science and technology based strategic plan for the Aquidneck Island Communities.

2. The Defense Technology Cluster: A Fertile Environment for Growth

The BRAC process of 2005 illustrated the importance of Aquidneck Island’s attractiveness to the federal government. It is said that fortune favors those who are prepared. In accordance with this mindset, Middletown must continue to position itself as an attractive partner to the defense sector in anticipation of future BRAC processes.

Strategic location to the defense sector and high quality corporate infrastructure has allowed for a geographic concentration of related industries creating a defense technology cluster. Competition creates innovation and efficiency; and cooperation allows firms to pool complimentary resources and expertise. Firms and other actors in an industry cluster should also exchange information, which will improve competitiveness. They also can draw on spatially concentrated resources feeding into the cluster, such as research institutions, specialized labor markets, etc. In recent years, the cluster concept has been a preeminent model of economic development strategic planning. The Middletown defense technology cluster has encountered knowledge spillovers, which have diversified the types of technology firms. Knowledge spillovers are indicative of interactions associated with technological innovation. Innovation is not purely a private affair, and firms often innovate by working together, drawing upon institutions that support innovation such as universities and research labs.⁹

According to George Mason University economist Richard Florida, who has written extensively on urban renewal and the creative workforce, today’s economy is developing around distinct economic niches based on place and emphasizing the creative, human element in economic development. He proposes the three “T’s” of economic development: technology, talent and tolerance. Technology refers to the size and concentration of a region’s economy; talent refers to a workforce that is creative, diverse and innovative;

and tolerance refers to low entry barriers to people and that allow new technologies to start and thrive.¹⁰ These elements are present in the Middletown technology sector. The Town must take a lead on strengthening the cluster. These efforts should include both public and private investment.

Anticipated gains from BRAC 2005 are not likely to generate substantial demand in new office space. The current trend is toward technical research and engineering firms – not necessarily a change in the number of people, but the work performed. Additional net gains in employment can be realized due to the diversification of the growing homeland security markets, acquisition of IT companies by large defense contractors, and the DDX contract work performed by Raytheon.¹¹ Therefore, it is important to develop a dual strategy of strengthening the existing defense-oriented cluster, while simultaneously using it to leverage growth of a complementary cluster oriented toward civilian use. The existing cluster depends on the presence of the Naval War College and NUWC. If either or both of these were to pull out of Rhode Island, the local high tech cluster would suffer tremendously. Hence, diversification is essential to sustain the local economy. Successful diversification will generate new synergies in the local economy, thereby enhancing competitive advantage. There is great potential that diversification will enhance existing firms and lure new ones.¹²

Recommendations:

- In order to provide greater investment in the defense technology cluster, further analysis and discussion should take place on creating a state sponsored national security infrastructure support fund. Priority funding would be given to projects that have match and supplement funds from other sources. The Fund will be administered by the State to provide grants and loans to improve infrastructure (water, sewer, electric, gas, roads, rail systems, runways, navigational systems, etc.) and secure real estate and tangible property that can be used for expansion or protect against encroachment. It will also be used to increase mission-related capabilities of infrastructure. One example of an initiative currently taking place is project upside. This is a collaborative of five Middletown companies and the Rhode Island Economic Development Corporation working together to find ways to improve port security.

D. Aquidneck Corporate Park

1. Technology Incubator

The defense technology cluster is the foundation of the economic culture that Keith Stokes, Executive Director of the Newport County Chamber of Commerce affectionately calls “Silicon Island”. This creative culture is the crux for developing Middletown’s economic ethos. However, there is a need to use alternative methods to grow this cluster, due to the fact that proximity to NUWC is not necessarily required for conducting business with contractors. This is evident in the fact that many NUWC contractors are located in Massachusetts and Connecticut. The challenge for Middletown is competing with significant amounts of available space in Rhode Island and Southeastern Massachusetts. The Aquidneck Corporate Park is perfectly suited to house both established companies and fledgling entrepreneurs fostering synergy for future growth. Focus should be placed on the defense and technology sectors as well as the curiosity based sciences such as biotech, stem cell research, etc. The ability to market this type of entrepreneurial culture will help nurture existing businesses and attract new ones.

There are currently two State organizations that are involved in this type of economic development and should be approached to determine potential assistance. The Rhode Island Technology Council (RITEC) and the Slater Centers are network organizations that connect resources. RITEC provides a means for firms to exchange information and to link up as partners to enhance cluster competitiveness. The Slater Centers provide assistance to entrepreneurs and inventors currently working in the high tech cluster but who want to spin off into commercial applications. The Slater Centers serve as a cluster networking organizations for their entrepreneurial niches.¹³ Another potential agency for collaboration is the Rhode Island Business Innovation Factory (BIF) program. The Business Innovation Factory is a community of innovators collaborating to explore and test better ways to deliver value. BIF Members and Partners explore business model innovation through a series of experiences designed to get ideas to market as cost effectively as possible. The BIF might be a good resource to focus reinvestment within buildings and complexes that leverage the advantages of shared proximity of both existing businesses and new ventures to facilitate local industry partnerships and synergy.¹⁴

Efforts should be closely tied to the future Naval Undersea Warfare Center of Excellence at the University of Rhode Island. The Center’s mission will be to establish cooperative research, product development, technology transfer, and science and technology training and educational alliances between NUWC and other center partners. Technology incubators throughout the country (that are partnered with higher education institutions) have begun to take part in a national initiative aimed at developing the defense technology industry. The partnership between the Center of Excellence and the incubator can allow for Middletown to potentially take part in the Technology Acceleration for National

Security (TANS) Network. The Network provides a method for major corporations and government agencies to identify and nurture innovative security technologies, including those being developed outside the Washington, DC area. This could be another tool for Middletown to use to bolster the image of defense technology hub of New England, as no other communities in New England take part in the TANS Network. Three TANS partners located on the east coast are the Watervliet Innovations Center in Watervliet, NY, the Chesapeake Innovation Center in Annapolis, MD, and the Advanced Technology Center at Georgia Tech University.

The Watervliet Innovation Center is a state-of-the-art technology and business accelerator focused on the rapid growth of emerging homeland security and defense technology companies. It is located within the Watervliet Arsenal campus, collocated with the US Army’s Benét Labs and an Army Materiel Command (AMC) manufacturing center. The Center provides a “demand-pull infrastructure”, where client companies gain visibility into the technology needs of the industry through a national network of academic, industrial, and government stakeholders. The Watervliet Innovation Center helps companies strategically align technology development efforts with the tangible needs of their security and defense customers, enhancing opportunities for joint venturing, financing, and market acceptance.¹⁵

The Chesapeake Innovation Center (CIC) identifies and screens early stage technology companies to provide business development services. The Center Connects innovative technology and business models with government agency and corporate partners who contract the CIC to identify specific technology solutions. The CIC nurtures and supports promising businesses within its accelerator program as well as coaches member and affiliate companies to succeed in this market.¹⁶

The Advanced Technology Development Center (ATDC), with its Georgia Tech affiliation, provides companies with access to world-class technology and talent. The ATDC serves as a link to potential investors, customers, business partners, advisors, and service providers. Designed to accommodate growth and hold down costs for start-up companies, ATDC facilities offer varied suite sizes, flexible lease terms, and access to shared services.¹⁷

Many defense technology contractors expressed support for the incubator concept. In fact, one defense contractor suggested the idea of developing a technology industry-mentoring program. He suggested that businesses could assign office space to a start-up company and provide coverage of cost for services like access to telephone lines, utilities like heat and electricity, and Internet and broadband. Another business owner said that small businesses always complain about needing more money to get started.

He suggested that providing services such as Internet, phones and office space as well as business mentors is much more valuable than just handing over grants and loans. The defense technology sector is very interested in helping to create, according to one defense technology contractor, “the Middletown economic karma” as a way to create marketing and public relations that showcase Middletown as a collaborative place to do business.

Recommendations:

- Further research and collaboration should take place to determine the feasibility and logistics of providing an incubator and mentoring process for technology companies in Middletown. The focus should be on a capacity to incubate, market and promote the technology cluster (explore potential to tie in tax incentives).
- Explore emerging technologies - energy, pandemic, biotechnology, etc. Further analysis should take place regarding the type of infrastructure needed to support this technology.
- Collaboration with the RI Congressional delegation regarding the feasibility of a TANS site in Middletown should take place.
- Middletown, with assistance from NUWC, local businesses and the Newport County Chamber of Commerce, should host an annual technology conference.

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2. Infrastructure Improvements and Accountability

Recently IBM closed its Middletown office. However, this decision had nothing to do with problems with the town or even Aquidneck Island. Companies nationwide use technological advances to consolidate and even have employees work from home.¹⁸ This illustrates the competitive nature of the regional and global economy and should serve as an impetus to continue to create a thriving entrepreneurial environment in the Corporate Park.

Congressman Kennedy was successful in securing a \$100,000 grant to administer proposed renovations to the southern entrance of the park that will create new guardrails, pavement and signs. This initial grant bodes well for future potential Federal support and shows the Congressman’s understanding of the Corporate Park as an economic engine.

Recommendations:

- In order to make the Park more attractive, Office Park and Office/Business zoning should be amended to enable mixed-use development to include ancillary services such as coffee shop, small restaurant, convenience store, automatic teller machine, and day care.¹⁹
- Federal and State funding should be sought to coordinate park-wide high tech services.
- The Middletown Corporate Build Out Analysis and the Aquidneck Corporate Park Master Plan recommendations are critical for future economic growth and should be carried out in a timely fashion.
- Further research and acquisition of State and Federal funding for sidewalks, paving and underground utilities will make the park more attractive.
- Having the BDC serve as a liaison to the Aquidneck Corporate Park Owners and Tenants Association will allow for expedient follow up to Association concerns and provide accountability. Collaboration with the Owners and Tenants Association is critical to determine further improvements and general maintenance. Communication between the town and this group needs to improve.
- Further research and acquisition of State and Federal funding to undertake a feasibility study for wind energy in the Corporate Park.
- Marketing in local and regional real estate outlets. The RI Economic Development Corporation should be utilized for marketing cooperation.

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Further infrastructure improvements and a change in the business culture will provide the backbone for future branding and marketing efforts.

E. Transportation Infrastructure and Commuting Patterns

According to Keith Stokes, Executive Director of the Newport County Chamber of Commerce, Aquidneck Island needs to start taking a more holistic - and realistic - look at its transportation issues. Historically, traffic concerns have been the headache of Newport, but now the traffic concerns have spread to East and West Main Roads.²⁰ Interestingly enough, people interviewed did not cite traffic as a major concern and realize the inherent traffic issues on Aquidneck Island.

The two major transportation concerns cited by respondents are the intersection of West Main Road and Connell Hwy (“needs to be widened - terrible backup”) and the West Main Road and Green End Ave. (“intersection bottleneck”).

Recommendations:

- Further analysis and recommendations should take place on improvements to transportation infrastructure in collaboration with the RI Department of Transportation. Funding should be explored to address identified RI DOT transportation studies.

Recent road construction on East Main Road has caused economic hardships to some area businesses. Many businesses suffered due to this lengthy project. Businesses such as Kabloom Florist, Pizza Hollywood and East Main Road Shell reported financial hardships, had to relocate or event shut down completely.²¹ Unfortunately there is no State grant or loan program to provide assistance to businesses that have suffered an economic loss due to extended transportation projects. During the 2005 General Assembly Session legislation was introduced by Representative Al Gemma to create a small business impact mitigation fund, which would have created a joint fund administered through the Economic Development Corporation and the Department of Transportation. This would have allowed businesses adversely impacted by an over deadline road project to take part in a low interest loan program. Unfortunately due to fiscal constraints the legislation did not pass.

Commuting is also an issue for economic growth. Many respondents reported that a majority of their workforce resides off Island (75% live 30 or more miles away). Furthermore, the high technology sector is in competition with the Route 495 technology hub in Massachusetts and the Northwest corridor of Rhode Island, which has much more favorable commuting patterns. Therefore, diversifying commuting options is very important for future economic growth.

Respondents mentioned that the current RIPTA system is not convenient and accessible. Many people are looking for commuting alternatives. However, the current RIPTA route through Middletown is not convenient. Further research and analysis should take place on how RIPTA can be more user-friendly and efficient in Middletown and throughout Aquidneck Island.

- Planning and communication should take place between the RI DOT, the Town and local businesses in order to mitigate potential economic losses due to road projects.
- A public transportation advisory group (subcommittee of MEDAC) should be formed to discuss public transportation issues in Middletown. Members should include representatives from RIPTA, business people, Town officials and social service organizations (such as Looking Upwards).
- A central bus stop near the Aquidneck Corporate Park would assist in alleviating commuting burdens.

F. The High Cost of Living: Affordable Housing and “Brain Drain”

Recent U.S. Census figures show that many of New England’s young professionals are leaving the region for areas where housing is more affordable and jobs are more plentiful. New England posted the slowest growth for any region nationwide, with the young-adult population dropping in growth 25 percent in the past 15 years. A study by the Durham, N.H.-based Carsey Institute of the region’s population shifts attributed the decline to the aging of baby boomers. New England might not be “attractive” to young people because housing is expensive and the job market is limited, according to the study.

Rhode Island, meanwhile, ranks in the bottom 10 states in population growth, with a decline of roughly 11,000 residents since 2004. According to census data, the Ocean State was one of only four states nationwide to lose residents last year, the third straight year that Rhode Island has lost residents. Newport County lost 41 percent of residents between the ages of 25 and 34 between 1994 and 2000, putting the county third in New England for population losses in that age group.²² Many respondents cited that they were concerned about future generations being priced out of the Town due to housing prices and the lack of high paying jobs to support the cost of living.

Although Middletown is at approximately 9% compliance with affordable housing (the state mandates 10%), there needs to be further focus on efforts to lessen the cost of living burden. Many respondents agreed that they and their employees would like to live and work in Middletown due to the excellent quality of life, good schools and safe neighborhoods. However, many employees are simply priced out of the market. Keith Stokes, Executive Director of the Newport County Chamber of Commerce, explains that the loss of these young people is going to have dire consequences to the very vitality of a community. Any population growth has been on the two extremes - retirees and low- and moderate-income residents. The lack of the middle class and young professional population growth is an alarming trend. The key to keeping residents and drawing others here is diversifying the job market and meeting the needs of young professionals living in the area now.²³ Unlike other parts of the state, Middletown should be an attractive place for young professionals to live due to the proximity to Newport, Providence and Boston, beautiful beaches, abundance of high tech jobs, etc.

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Recommendations:

- Further study and recommendations on how to address this issue is needed.
- Alternative methods such as re-zoning, fast track permitting, mixed-use development, etc. should be considered.

- Collaboration with developers to encourage continued development of affordable housing for the young professional and median income population that fits in with the Town's master plan.
- Market the Town and area businesses to area colleges and universities.
- A potential tax credit model currently exists in Maine enticing recent college graduates to stay and work in the state upon graduation. The credit allows a recent college graduate who lives, works and pays taxes in the state to take a tax credit of up to \$2,100 per year or \$8,400 for four years. This will help students pay back loans and encourage employers to reach out to Maine graduates. Further discussion and analysis on this type of tax credit should take place.

IV. Conclusion

A. Survey Data

Business Growth:

1. A majority of respondents are planning to expand their workforce in the coming year. Furthermore, all respondents plan to either expand or keep their business at the current level. No respondents are expecting to downsize.
2. An equal number of respondent employees reside in Middletown as reside out of state.
3. A majority of respondents are concerned about the availability and skill level of the local workforce.

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Municipal Economic Development Issues:

1. There appears to be a desire in the business community to work with the Town to help grow the economy. A majority of respondents are interested in taking part in Town sponsored economic development forums and workshops.
2. Respondents would like to hear more from the Town on economic development, planning, and public safety issues.
3. A majority of respondents are undecided or said the Town did not meet their business needs.
4. A majority of respondents could not identify the Town's ability to provide web-site information, business incentives and economic development seminars.

5. Emergency services received the highest rating for municipal services (majority score of 5). Power availability and water quality/quantity also ranked high (majority score of 4).
6. Areas of concern (majority score of 3) are property tax assessment, sewage treatment, regulatory zoning and enforcement, community planning, and traffic control.
7. Overall, respondents feel that Middletown is a good/average place to do business.

B. Summary

In order to determine issues of concern and provide recommendations regarding economic development in the Town of Middletown, the Mayforth Group implemented a multi-faceted information gathering and analysis process working with stakeholders throughout the community over the course of four months. Issues identified for further action are:

- Provide municipal assistance to local businesses
- Create a fertile environment for the hospitality and tourism industry to flourish
- Leverage the Town’s strategic location to its advantage
- Make the Aquidneck Corporate Park, Enterprise Center and Corporate Place the economic engine of Middletown through the development of high paying technology jobs.
- Address issues that can impede economic development such as transportation and the high cost of living

The Middletown economic environment has many challenges and great potential. This report provides a blueprint for the Town to improve and enhance the economic development function. It is important that Middletown take a strategic role in economic development. Many communities throughout the country get involved in the zero sum game of bringing in businesses that utilize municipal and state economic development incentives only to see them leave after a couple of years. Strategic economic development planning will allow Middletown to chart its own economic course and not have to sell its soul for economic development. The focus should be on quality businesses that are committed to stay and grow in Middletown.

One of the major findings was the overall apathy of the business community. While many business owners did not respond to inquiries for informational interviews and only 45 people responded to the business survey, this study was greeted by great enthusiasm by many respondents who were enthused by the Town’s interest and commitment to

economic development. This alone speaks volumes on how communication and effort can make local businesses feel the Town is responsive. In fact many respondents look forward to a closer working relationship with Town Hall and involvement on future aspects of this project. Businesses are mired in day-to-day operations and rarely have time to find ways that government can help them. Many times they view government as a hindrance. It is important that business and government work together to build the Middletown economy. These recommendations are the first step in providing a more fertile economic environment that fosters the growth of existing businesses and entices new businesses to relocate to Middletown.

V. Synopsis

A. Recommendations

The following recommendations will lay the groundwork for the development of Middletown’s economic development identity or value statement (“economic Karma” according to one defense contractor). Further infrastructure improvements and a change in the businesses culture will provide the backbone for future branding and marketing efforts.

Middletown is poised for further economic growth. Through greater collaboration, targeted investment and incentives and infrastructure improvements, Middletown can enhance the business climate and grow the corporate tax base.

Changes to the MEDAC

- The MEDAC should be more user-friendly for businesses by holding meetings at times that are convenient for small business owners (early morning or evening), holding meetings at individual businesses a few times a year, and implementing a business outreach program where members visit and tour businesses once or twice a quarter.
- The MEDAC should include appointees that represent key economic sectors. Ex Officio members should include representatives from The Newport County Convention and Visitors Bureau, CCRI and the Aquidneck Corporate Park Tenants Association. Changing the terms of appointment from five to three years will allow for greater community participation.

Hiring a Director of Business Development

- Middletown should hire a part time director of business development (DOBD) or a consultant who will be responsible for growing the town’s corporate tax base by helping businesses locate to Middletown and nurturing the growth of

existing businesses. Therefore, the DOBD function should be both technical (provide assistance with tax credits, zoning etc.) and public relations and marketing (selling Middletown as a great place to do business).

Tax Incentives

- The effectiveness of the Middletown Economic Development Tax Credit is unclear due to the lack of businesses that have taken advantage of the credit. A work group should be formed with the MEDAC, Town officials and members of the business and accounting community to determine the efficacy of the Credit.
- State tax incentives should be sought to create a military facility redevelopment zone tax credit to develop jobs in former military facility properties and business parks containing military/defense industry related businesses.

Tourism Development

- Implement and facilitate recommendations of the Atlantic Beach District Master Plan and collaborate with Newport and the RI Department of Environmental Management to address the water quality issues at Second Beach.
- Greater collaboration and coordination to bring in Newport tourism dollars and create tourism opportunities such as festivals, walking tours, concerts etc.

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Fostering Business Relationships

- The Town should take the lead in fostering relationships between businesses and the Navy, Coastguard and NUWC.
- In order to truly maximize the potential of the technology industry, greater collaboration must take place between local, state and federal officials and SENEDIA to work together to strengthen economic opportunities.

Technology Business Incubator

- Further research and collaboration should take place to determine the feasibility and logistics of providing an incubation process for technology companies in Middletown. The focus should be on a capacity to incubate, market and promote the technology cluster.

Aquidneck Corporate Park

- Communication and collaboration with the Aquidneck Corporate Park Owners and Tenants Association is important to ensure proper maintenance and repairs are undertaken in a timely manner.
- Seek out further Federal and State Funding for infrastructure improvements

B. Action Steps

1. Determine a feasible structure for the implementation of a Business Development Coordinator. To include job description and strategic plan for BDC and MEDAC.
2. Work with the RI Congressional Delegation to seek funding to help curb water quality problems at Easton’s (First) Beach (multi hazard mitigation), as well as sewer system.
3. Seek funding for water infrastructure projects (Woods Hole study phase 2 and 3).
4. Seek funding to provide a study to determine the feasibility and logistics of providing an incubation and mentoring process for technology companies in Middletown.
5. Work with the Aquidneck Park Owners and Tenants Association to determine further infrastructure improvement needs and assist in seeking funding sources
6. Work with the Aquidneck Corporate Park Owners and Tenants Association and the Rhode Island Economic Development Corporation to implement a feasibility study for wind energy at the Corporate Park.

C. Marketing Recommendations

It is important to develop an economic identity that Middletown can market as a whole. Providence did not become the “Renaissance City” overnight. It took infrastructure improvements; re-development and other initiatives before the city could market and sell its new image. Pawtucket has established itself as “Rhode Island’s Creative Community” using the arts as a lynchpin of economic development. It took many years of redevelopment, establishing tax credits, and bolstering municipal economic development services for the city to create its new economic image.

In order for Middletown to implement a holistic branding and marketing campaign emphasis must be placed on strengthening the existing economic potential such as; a great quality of life, the technology hub of Aquidneck Island, and a tourism cost alternative for tourists visiting Newport. Focusing efforts around these economic sectors can help to create Middletown’s economic image.

1. Make improvements to the Middletown website to include business services and highlight local businesses and events.
2. Find ways to link the Middletown website to other “high traffic” websites and portals to increase viewer ship.
3. The MEDAC, in conjunction with the Town Council, should make an effort to

implement a business outreach program where members visit and tour businesses once or twice a quarter. A public relations campaign around these efforts will highlight Middletown as a great place to do business.

4. Work with the Middletown business community and local media outlets to highlight new businesses and success stories.
5. An effort should be made to create a subcommittee of the MEDAC (Middletown Hospitality and Tourism Advisory Group). The goal of this subcommittee should be to collaborate and promote the tourism industry in Middletown and to serve as an advisory body to the Newport County Convention and Visitors Bureau.
6. The Town should collaborate with local technology companies to market Middletown at tradeshow and technology conferences.
7. Interviews should be set up with the Providence Business News, the Newport Daily News and the Providence Journal highlighting this study and Middletown's efforts.
8. The Town of Middletown should collaborate with local companies at trade shows around the country and worldwide in order to promote the Town's economic development potential.

VI. Appendix

Appendix A

Interviewees

Bicho, Chris	Landings Real Estate Group
Boyadjian, Marena	Admin. Asst, REMINC (Research Engineering & Manufacturing Inc)
Casten, Richard	KLR Accounting
Clark, Bill	Town of Portsmouth Economic Development
Collins, Bill	MEDAC consultant
DiPalma, Louis	Middletown Town Council
Egan, Tim	VP Operations, REMINC (Research Engineering & Manufacturing Inc)
Executive Board	Southeastern New England Defense Industry Alliance (SENEDIA)
Gibbs, June	State Senate
Hively, Kevin	Ninigret Partners
Jackson, J. Russell	State House of Representatives
Kanis, Mike	Jim’s Deli, Middletown
Kelly, Conn	CEO, McLaughlin Research
Kempen, Gerald	Town Manager
Lang, Bruce	Aquidneck Corporate Park Tenants Association
Lavoie, Jim	Right Solutions
McCarthy, Kevin	Newport Fed Savings Bank
Milinzio, Pete	Exec. Director, Newport County YMCA
Miranda, Carrie	Looking Upwards, Inc.
Santa, Ron	
Santos, M. Theresa	Middletown Town Council
Smith, Evan	Newport County CVB
Smith, Robin	CCRI College of Continuing Education
Stokes, Keith	Newport County Chamber of Commerce
Sylvia, Robert	Middletown Town Council
The Kyriakides brothers	Atlantic Beach Club and other developments
The Nunes brothers	Newport Vineyards
Weiss, Herb	City of Pawtucket Economic Development
Wiggins, Maggie and Gary	The Glass Onion
Woodhouse, Tim	President, Hood Sailmakers

Appendix B

Survey Instrument

Please take a few moments to provide the Town of Middletown with some basic information about your business. Your input is valuable and will help us to better serve the business community.

General Information

Contact:

Title:

Company Name:

Phone:

Fax:

Address:

City:

State:

Zip Code:

Website:

E-mail address:

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Business Information

Briefly describe the nature of your business:

How long have you been in business?

Do you Own or Lease?

Month/year lease expires?

Square Footage?

Number of employees?

_____ F/T _____ P/T

Is Middletown your only location? Yes or no

Workforce Analysis

How many new employees, if any, do you anticipate hiring in the next 6 to 12 months?

What skills are you looking for? (Clerical, sales, technical, etc.)

How would you rate the availability of the local workforce?

Excellent []

Good []

Average []

Fair/poor []

What percentage of your employees live in:

Middletown

Aquidneck Island

Rhode Island

Massachusetts

Other

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Home Based Businesses

Are you planning to lease space outside of your home, within the next 12 months? Yes [] No []

If yes, how much square footage will you need?

Where would you like to locate?

Would you be interested in renting residential office loft or office/industrial incubator space? Yes [] No []

Community Involvement

Would you be interested in:

Participating in community events/programs aimed at growing the local economy? Yes [] No []

Participating with local schools concerning training/career path opportunities? Yes [] No []

What are some obstacles, if any; you face regarding your business in the Town of Middletown?

How can the Town better support your local business?

Future Business Plans

Does your business plan to: Expand [] Downsize [] Stay the same []

Timeframe for completing expansion plans?

Less than 6 mos. [] Less than 12 mos. [] Less than 2 yrs. [] 2 years + []

Do you plan to: Expand at your present location Relocate

If relocating, do you plan to: Lease [] Buy [] Build []

Desired location:

Square footage:

Are there resources such as suppliers you would benefit from, if they were located closer to your business? Yes [] No []

If yes, who/what businesses would they be?

Would you like to be contacted regarding any of the following services?

Building & Safety [] (permits, etc.)

Code Enforcement []

Security Issues [] (Police)

Economic Development []

Engineering []

Finance []

Fire []

Planning []

Traffic []

Streets [] (repairs)

Middletown Business Climate

Does Middletown serve / assist your business needs?

Yes No Undecided

Please rate the level of satisfaction with the following business services on a scale of 1 to 5

	Low	1	2	3	4	5	High	N/A
		1	2	3	4	5		N/A
• Property tax assessment (fair & equitable)		<input type="checkbox"/>						
• Sewer / sewage treatment		<input type="checkbox"/>						
• Power availability		<input type="checkbox"/>						
• Water quality / quantity		<input type="checkbox"/>						
• Regulatory zoning		<input type="checkbox"/>						
• Regulatory enforcement		<input type="checkbox"/>						
• Community planning		<input type="checkbox"/>						
• Web site information		<input type="checkbox"/>						
• Business incentives		<input type="checkbox"/>						
• Police protection		<input type="checkbox"/>						
• Fire protection		<input type="checkbox"/>						
• Ambulance / paramedic service		<input type="checkbox"/>						
• Town-sponsored education & training		<input type="checkbox"/>						
• Traffic control		<input type="checkbox"/>						

Please provide additional comments on any items that you have rated 2 or less.

What business assistance / incentives would you like to see offered in Middletown?

What business assistance / incentives would you like to see at the State level?

Would you participate in MEDAC sponsored business forums, workshops or training? (check all that apply) Yes No Maybe

- Preferred day / time Weekday morning Weekday lunch Weekday evening Saturday Sunday
- Topics of interest Marketing Small Business Finance Healthcare / insurance HR Other _____

Would you be interested in meeting with the MEDAC and Town Council members? Yes No

Would you be interested in receiving technical support services in the following areas? Check all that apply.

- Job Training - Job Recruitment
- Business Management
- Financial Planning/ Access to Capital
- Other

In your view, what has /has not worked in the past as an economic development tool? i.e. educational partnerships, tax incentives, outreach measures, etc.

Rate the Town of Middletown as a place to do business overall:

- | | | | | |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Excellent | Good | Average | Fair | Poor |
| <input type="checkbox"/> |

Please feel free to write down any additional comments, concerns or questions so the Town of Middletown can better serve you.

Notes

¹ Keith Stokes, “Life After BRAC”The Newport Daily News, (11 January 2006).

² Justin Sayles, “Middletown emerging as tech town,”The Providence Business News (3 January 2006)

³ “The Charleston Regional Development Alliance”, <http://www.charleston-for-business.com>

⁴ Matt Sheley, “Officials say Middletown must take care of business”The Newport Daily News, (15 May 2006).

⁵ Ibid.

⁶ “Corporate Build - Out Analysis”, <http://www.middletownri.com/documents/planning>, 58.

⁷ Greg C. Staley, *Tourism Works for America: Travel Industry Snapshots 2007*. Washington, DC: Travel Industry Association, 2007., 3.

⁸ “The Defense Industry in Rhode Island: Economic Impact Report”, http://www.riedc.com/files/DefInd_EconImpactReport_August2006.pdf

⁹ “Aquidneck Island’s Economic Clusters: An Analysis”, <http://www.ripolicy.org/resources/content/aquidneck.pdf>, 14.

¹⁰ Ibid.

¹¹ Corporate Build - Out Analysis, 40.

¹² Aquidneck Island’s Economic Clusters: An Analysis, 14.

¹³ Ibid., 23

¹⁴ Corporate Build-Out Analysis, 40

¹⁵ Watervliet Innovation Center, <http://www.ceg.org/WIC/index.htm>

¹⁶ Chesapeake Innovation Center, <http://www.cic-tech.org/index.html>

¹⁷ Advanced Technology Development Center, <http://www.gatech.edu/technology-square/atdc.php>

¹⁸ Matt Sheley, “IBM to close Middletown office; no layoffs expected ”The Newport Daily News, (30 March 2007).

¹⁹ Corporate Build - Out Analysis,

²⁰ Matt Sheley, “Business owners say they are taking a hit from long-term projects”The Newport Daily News, (10 July 2006).

²¹ Ibid.

²² Meaghan Wims, “The county exodus: Young professionals have to leave to make ends meet” The Newport Daily News (19 February 2007)

²³ Ibid.

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