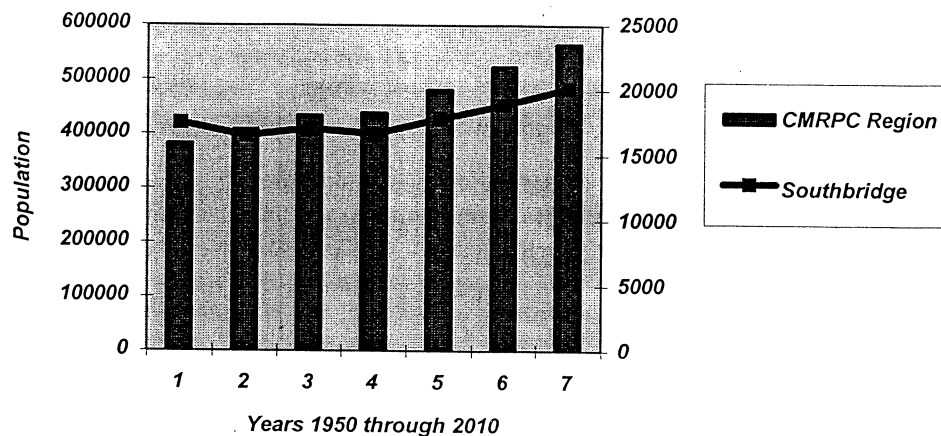


- Southbridge holds 14 % of the region' s minority population and supports the largest concentration of Hispanics in the sub-region;
- the sub-region's labor force has increased over 7,700 persons since 1980. This increase was fueled by an increase in professional and managerial occupations in the Southwest sub-region.

Exhibit XII

Regional Population Projections Southbridge and the CMRPC Region

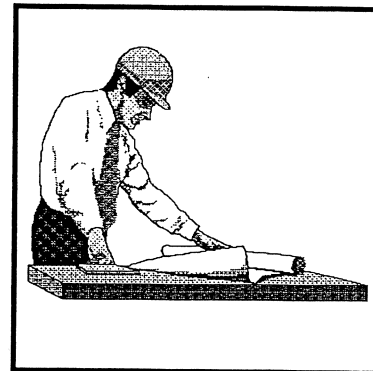


The findings of the CMRPC " Development Framework " reinforces the concept that Southbridge stands as an indicator and focus of regional demographic and employment activity.

2. Location and Place of Employment

According to Mass. DET records, nearly 45% Southbridge workers are involved in manufacturing. With many manufacturing firms located in the Town, it should be assumed that many Town residents also work in Southbridge. DET figures show that 16.5% work in retail and wholesale trade and 25% work in services. Many of these jobs are located in the region as well as the Town.

Where do people in Southbridge work? From what parts of the Commonwealth do workers commute from to work in Southbridge? Data from 1990 shows that the largest distribution of work trips to the community come from within the town itself. Employees traveling to Southbridge generally come from the abutting towns. Residents traveling to Southbridge to work include Sturbridge (962), Worcester (894), Auburn (216), Charlton (208) and Webster (194). Due to the Town's influence as a regional center, these commuting patterns are unlikely to change.



2. Property Sales and Rents (Downtown and Industrial)

Rents

As noted earlier, the downtown area contains approximately one million sq.ft. of commercial buildings containing about a half million sq.ft. of space devoted to commercial activity. The remaining half million sq.ft. is used as basement, attic or upper level residence. Commercial rents range between \$4.50 per sq.ft. (triple net) and \$12.00 per sq.ft. (gross).

In order to stimulate substantial new development downtown without public sector financial incentives, commercial rents should be at least \$12.00 per sq.ft. before building operating expenses, management and property taxes. This would apply to major commercial buildings and not to small, less expensive strip malls which can be built cheaply. Currently, no location outside of the Boston metropolitan area has rent levels which would encourage major new downtown development.

Downtown Southbridge conditions are not as dismal as many people identify. Although much improvement is necessary and should be a high priority, the general perception of downtown problems are worse than reality. Vacancies are high, but no higher than most downtown areas in Central Massachusetts. Rental rates are also consistent with other downtown areas.

Southbridge contains about 3 million sq.ft. of industrial and warehouse floor area. Nearly 2/3 of the space is on the first floor. Industrial buildings tend to be clustered near the downtown, and in the Globe Village and Sandersdale areas of Town. Nearly a third of the floor area is located at AO/Southbridge Business Center complex projected to be used by DOD, CAFA and continuing operations of AO and Cabot. Rents tend to range between \$2.00 per sq.ft. and \$6.00 per sq.ft. Industrial rents tend to be triple net, with the user paying for all utility and tax expenses of the property. This range of rents is consistent with industrial properties elsewhere in central Massachusetts except that rents approaching \$6.00 would be considered high unless a number of services or expenses of the building are included in the rent.

Sales

Since 1990, there have been 34 sales of commercial property, other than those which have transferred for a nominal price (\$100 or less). Sale prices range between \$3.00 and \$240 per sq.ft.; however, the majority of sales fall between \$20 and \$55 per sq.ft. Recent commercial sales in the downtown area have been in the \$30 to \$40 per sq.ft. vicinity.

Recent sales of commercial property are generally higher than being experienced elsewhere. With downtown Worcester properties selling for around \$10 per sq.ft., a range of Southbridge property sales from \$20 to \$55 is to be considered positive.

Vacancies/Availability

Of the commercial space in the downtown area, 24% was identified as vacant during a survey conducted in the summer of 1995. During late summer and early fall, a number of vacant storefronts were leased which suggests that the vacancy rate is decreasing.

Over 800,000 sq.ft. of industrial space are identified as vacant, including nearly 500,000 sq.ft. at the AO property. Over 350,000 sq.ft. of the total vacant industrial space is on the first floor, which is the most desirable by industrial users. A survey of manufacturers revealed five (5) companies owning buildings with nearly 500,000 sq.ft. which the owning companies would like to lease to others.

4. Unique Clusters of Industrial Types

One of the most unique characteristics of the Southbridge area economy is the concentration of fiberoptic product inventors and manufacturers. Continuing the heritage of the community as an optical products center, fiber optics was founded and developed in Southbridge. It has since expanded into the tri-community area of Sturbridge and Charlton as well. Currently more than a dozen fiberoptic companies in the Southbridge area employ over 1000 employees. Many of these companies focused on defense-related products and have experienced declining business in recent periods due to defense cutbacks. These companies, however, have re-focused their attention toward domestic and non-defense industrial applications, the "Next Generation". A high level of competition exists among the area fiberoptic companies. Nevertheless, many of the larger companies have joined forces to create the Center for Advanced Fiberoptic Applications (CAFA) which seeks to improve the climate for the growth of fiberoptic technology and employment in the Southbridge area.



In addition to highly technical fiberoptic manufacturing, traditional manufacturing industries are an important part of the Southbridge area economy. American Optical Company continues its production in traditional optical products, although employment is only a fraction of what it once was in the community. Similarly, United Lens Company continues Southbridge's heritage in the optical field. Machine tools and metal fabrication is a specialty in Southbridge. Hyde Tools and Russell Harrington Cutlery are two of the Town's largest employers. Cabot Safety manufacturers safety equipment and has grown to about 700 employees operating 3 shifts, 7 days a week.

As a cluster, tourism is a strong part of the tri-community economy, although Southbridge has not received significant benefits from this activity. Centered in Sturbridge and Old Sturbridge Village, tourism provides numerous jobs for Southbridge residents and it brings people to the area from around the world. Opportunities to expand Southbridge's share of the area's tourism dollars should be a focus of future economic development efforts.

5. Major Pending Events

Three principal pending events which will have meaningful impacts on the Town of Southbridge are the proposed Defense Business Management University, the Center for Advanced Fiber Optics Applications and the new industrial park near Southbridge Municipal Airport.

The Defense Business Management University - The successful result of a community-wide effort to compete nationally for a major Department of Defense facility, the Defense Business Management University will be located in the main plant of the American Optical Company Complex (now named Southbridge Business Center) on Mechanic Street. Final approvals by the federal government are scheduled for late 1995 and the mission is "to provide state-of-the-art education, training and assistance in modern financial management practices to the DOD community - integrating people, technology and systems in a dynamic and changing environment."

Approximately 460,000 sq.ft. of the former AO complex will be renovated for the Defense Business Management University, including 326 residence/hotel rooms. The owners of the AO complex will make the needed renovations and the Department of Defense will lease the facility for 20 years. Construction is estimated to take 1-2 years and will involve a substantial number of construction workers. Construction for the facility is estimated to cost approximately \$60 Million. Anticipated, full complement employment is understood to be between 650 and 700 employees, including those employed in hotel and dining facilities. The student body will be between 300 and 350 for one and two week courses. Accordingly, employees and students, combined, could exceed 1000 people at any one time.

In addition to the full-time jobs made available to community residents by this facility, the turnover in students every one to two weeks should be an important economic benefit. Although most students will live and eat many of their meals at the DOD facility, the student body will want to explore the Town and the surrounding area. The tourism industry in the area will benefit greatly from this, as will local restaurants and merchants.

The Center for Advanced Fiberoptics Applications - Also planned to be located at the AO complex is CAFA. As described previously, CAFA is a joint effort of many of the local fiberoptics companies to improve the area's presence in the industry and to create more fiberoptics jobs in the area. This is enlightened self-interest by these firms since many of them intend to capitalize on their investment in CAFA by utilizing CAFA-created technology to manufacture products. CAFA not only has the participation of local companies, but also has attracted other partners such as the University of Massachusetts, the Center for Technology Commercialization, Massachusetts Electric Company and the National Aeronautics and Space Administration (NASA).

CAFA is "an internationally recognized applications center located in Southbridge, Massachusetts, dedicated to the development of advanced photonic and fiberoptic products for commercialization by New England-based industries." According to CAFA informational material, its mission is to (1) create a partnership of business, government, educational institutions and community, (2) accelerate the development of fiberoptic technology and expand its applications, (3) generate immediate commercial opportunities through viable new products, and (4) invest in regional and national competitiveness in the form of new jobs, new companies and an expanded municipal tax base.

CAFA will start with 21, highly-technical scientists and support staff in 16,000 sq.ft. at Building 2L (50 Optical Drive) in the AO complex (Southbridge Business Center). \$150,000 has been estimated for the renovation of space to accommodate CAFA. CAFA has received funding commitments from local partner companies, the Massachusetts Executive Office of Economic Affairs, NASA and UMASS (future). CAFA intends to occupy space at the new facility in 1995.

In addition to the development of new fiberoptics technology for local fiberoptics companies, CAFA has a principal goal of systems integration. Currently, Southbridge area fiberoptics companies make components for other manufacturers to install in their products. CAFA will investigate ways in which respective expertise and technology of the various companies can be brought together in order to manufacture finished products in the Southbridge area. This can have an important economic impact on the community because components other than fiberoptics elements will be needed. CAFA



will look to the more traditional manufacturers in the area to provide components to connect the fiberoptics components into a finished product. This could involve machine shops, injection plastic molding, packaging and many other companies in the Southbridge area.

CAFA expects that its activities will spin off new companies and divisions of existing companies which will fill the remaining floor area of the 155,000 sq.ft. Building 2L. There will be a desire for new and existing fiber optic companies to be in close proximity to CAFA in order to benefit from the technology. Accordingly, much of the growth of the fiberoptics industry, under CAFA's strategy, will be located in the Town of Southbridge and contribute to job growth, support of local business and property tax revenues.

New Southbridge Airport Industrial Park - A study of the economic conditions and trends by Leggat McCall Advisors in 1990 recommended that an industrial development zone be established near the municipal airport. During the past year, the Town voted to rezone 650 acres of land near the airport for a new industrial park. The park is currently being planned by EarthTech and Franklin Realty Advisors. The Town recently submitted a proposal to the Massachusetts Government Land Bank for funding of this planning effort. In addition to new road improvements for access to the new industrial park, the Town's Department of Public Works is also planning for improved water service to the area with new pumping facilities and water tower service.

6. Economic Development Trends

In summary, some of the economic trends perceived to impact Southbridge and a new economic development plan are:

Town of Southbridge

- Manufacturing employment has stabilized for the area and appears to be growing. Some manufacturers are identifying growth during the next few years.
- The fiberoptics industry experienced a downturn with defense cutbacks, but most local fiberoptics companies have retrenched and have converted to non-defense products. Companies have reversed the downturn and are expecting future growth. Part of the effort to facilitate growth is the Center for Advanced Fiberoptics Applications (CAFA).
- Tourism continues to be a strong local area economy; however, Southbridge does not benefit directly. The proposed Defense Business Management University (DBMU) offers opportunities to increase tourism-related business in Southbridge proper.
- Unemployment remains higher in Southbridge than state, county and regional statistics. Language and skill levels of the local population may be partly to blame and should be areas of high priority in Southbridge's economic development vision.
- Major new retail development is being planned for suburban areas or on the outskirts of the Town. The downtown area is not likely to be a center for general retail activity in the foreseeable future. Retail activity in the downtown area will tend to be specialized and dependent on the general level of business activity in and around the downtown.
- Some manufacturers are relocating from older mill buildings in Southbridge to suburban locations with more modern facilities. Southbridge not only needs to compete with suburban

locations through the construction of a new industrial park, but also it needs to more effectively market vacant commercial and industrial space.

- Downtown Southbridge has a commercial vacancy rate of 24%. This vacancy rate is consistent with other commercial core areas in central Massachusetts. Rental rates in the \$4.50 to \$12.00 range are also consistent with other core areas of central Massachusetts. A recent sale of Main Street property was at a per sq.ft. rate higher than downtown properties being sold in Worcester and other areas. One property is not enough for any conclusions; however, it is a sign that downtown Southbridge is still quite healthy, despite the concerns of the community and the obvious need and opportunities to make it better.

Regional

- Growth in suburban locations of Worcester County tends to be greater than in the older, regional centers. This is a phenomenon which has been occurring for the latter half of the 20th century. First, residential development moved to the suburbs. Later, commercial uses followed the residential development (shopping malls and suburban office centers). Lately, manufacturing has been choosing more suburban locations because of highway access, single-floor facilities and lower taxes. This trend cuts two ways for Southbridge. Some manufacturers in Southbridge may move to outlying areas; however, Southbridge contains considerable land within its boundaries to create the kind of environment commercial and industrial activity seeks in suburban locations. In many ways, Southbridge blends the best of living and working environments in the suburbs and urban areas. In promoting itself to new business and industry, this characteristic can be positively marketed.
- Massachusetts is a center for high technology in many areas. The Southbridge area is particularly rich in fiber optics technology. Also nearby are major centers of biotechnology and electronics. The general trend is for all workers to be more technically qualified. Even more traditional manufacturers, such as Hyde and others, use high technology machines and computers in operations. This means that workers need to be better educated, better trained and more technologically proficient. The opportunities for unskilled labor are diminishing. Unless Southbridge can assist its population (particularly those with low and moderate incomes) in becoming a better qualified work-force, the Town can expect that unemployment will remain high and the Town will be less competitive in attracting new business and retaining existing companies. A valuable asset the Town has in addressing this problem is the MacKinnon Center.
- Although the Town's unemployment rate is higher than the region and the state, unemployment, in general, is relatively low. Existing manufacturers appear to have either stable or growing work forces. Local fiber optics companies, according to CAFA officials, have experienced decreasing employment as a result of defense spending cutbacks, but they have re-focused energies on the domestic market. They are financially healthy and are poised for a comeback.
- The prospects for economic growth (the Center for Advanced Fiber optics Applications, the Defense Business Management University and the new industrial park) are exciting and could have some previously unexpected collateral impacts. For example, the University of Massachusetts is already a participant in CAFA. UMASS has also submitted a proposal to the Defense Business Management University to provide educational services. Decisions by the Defense Business Management University as to which educational vendor it will use have not been made as yet. However, if UMASS were to be selected, its substantial involvement in town major activities in Southbridge could encourage the University to establish a satellite

campus in the community. This would not only directly impact the Southbridge economy; it would also vastly improve the Town's capability to entice knowledge-based industry into the community.

D. Municipal Resources

1. Municipal Services and Community Facilities

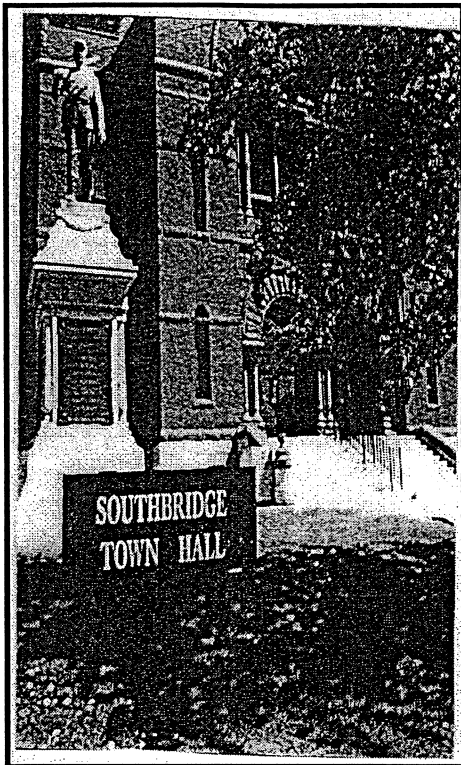
The Town of Southbridge has considerable strength in providing existing infrastructure to entice and support new development. Municipal sewer and roadways and private water service by the Southbridge Water Co. have the capacity to accommodate new growth. For water, the safe yield for the Town is 4.8 MGD, which amounts to a mere 34.8 % of the total water capacity. Concerning sewer capacity, Southbridge is at a level of 73.2 %, which leaves almost 1/4 of its capacity to handle new demands. When you add a full time fire and police department and a local school system, the Town of Southbridge holds the basic requires for the attraction of growth and change. If the region cannot handle business expansion, Southbridge can. Moreover, infrastructure systems serve area of Town where industrial and commercial uses presently exist, thus eliminating the need for costly extensions to service new development. In short, Southbridge is well positioned to handle economic development activity. Map 1 (to be inserted) reflects the geographic limits of the infrastructures service areas in Southbridge and stands as a public facilities guide for business attraction and expansion.

2. Zoning and Land Use Regulations

The Town of Southbridge Zoning By-Law was adopted in May of 1985. A complete and concise regulatory document, the By-Law is not overly restrictive and does not appear to set a negative barrier to growth and development. The Southbridge Planning Board sits as the Special Permit Granting Authority (SPGA) for the community. They have considerable planning and growth management influence through their SPGA power and have jurisdiction over site design under a rudimentary site plan approval process for any uses requiring a special permit.

The 1988 Town of Southbridge Zoning Map has eleven (11) land use classifications. In this study, only seven (7) land use districts are of interest. These use districts are residential office, retail business, general business, light industry, heavy industry, planned industrial district and the central core district. Economic development in these 7 areas are guided by use and dimensional regulations of the By-Law and are the focus of suggested regulatory changes.

The Town of Southbridge Subdivision Control Regulations were last amended on August 13, 1990. This local legislative action resulted in a change in application filing fees charged by the Town and did not alter the standard subdivision practices mandated by Chapter 41 MGL. For this study, these regulations will have a minor influence on economic development activities. The Town and the study should be concerned with targeted development and less concerned about the practices and principals behind the division of land within Southbridge. The Zoning By-Law, (how it works and does it need modifications) is important in local economic development planning.



The Town of Southbridge Zoning By-Law adopted in May of 1985 needs to be simplified and streamlined. To the lay-person, the By-Law does not offer a clear picture of how to build in Southbridge. Most business activity is regulated by special permit. More business uses need to be allowed by right, but subject to a site plan review process. The first point of contact in Southbridge is the Building Inspector. His review of projects is on a case by case basis. To assist in this task, a standardized, more formal application submittal and review process is advisable. Another option is to establish a "development cabinet" or office to coordinate the intake of new business proposals. The Town Manager's Office or the Community Development Office could be the best option to begin a "one stop shopping" permit process in Southbridge. Secondly, a new development guide or handbook would help navigate the maze of permits and procedures. This document plus marketing materials will help the community attract businesses. The Development Guide for the Town of Acton could serve as a model for a new Southbridge guide, which was contained in the Town of Southbridge Vision Statement - 10/06/95.

The Southbridge Planning Board as the Special Permit Granting Authority (SPGA) needs to rely more on site plan review to guide and encourage development, rather than the restrictive special permit process. Rather than limit development by imposing legally restrictive special permit standards, the Board should allow "by right" uses of a certain size (commercial uses greater than 10,000 sq. ft. and industrial uses larger than 20,000 sq. ft.) to proceed subject to site plan review. The By-Law Table of Uses needs to be shortened and consolidated. Standards and procedures for site plan review need clarification. A change in development permit procedures through a development cabinet and one stop shopping permit process is needed to assist individual development applications and to help in municipal reviews.

Moreover, a review of the Zoning By-Law Table of Uses suggests a number of amendments (Table V) that could encourage business development in the 7 zoning districts in Southbridge most applicable to this planning effort. Again, these seven 7 districts are residential office (RO), retail business (RB), general business (GB), light industry (LI), heavy industry (HI), planned industrial (PI) and the central core (CC) districts. Areas of town, which now are a patchwork of zones may need rezoning, especially downtown and the Hamilton Street/Mill Street/Crane Street area. Given the fact that in the long term the community, the Planning Board and the Town Council will not initiate wholesale changes to the Southbridge Zoning Map, the following short-term modifications to the By-Law Table of Uses place more emphasis on allowing "by-right" development, while controlling land use design under site plan review by the Southbridge Planning Board.

Table V
Town of Southbridge
Zoning By-Law
Suggested Zoning Amendments

Amendments to the Zoning By-Law Town of Southbridge							
Use	Zoning Districts						
	RO	RB	GB	LI	HI	PI	CC
Multi-family	SP						
Multi-family with commercial	SP						PA
Hotel/Motel	SP			SP	SP	SP	
Licensed Day Care	Y	Y	Y	Y	Y	Y	Y
Non-profit School	Y	Y	Y	Y	Y	Y	Y
For-profit School				PA	PA	PA	PA
Social Club		PA	PA	PA	PA	PA	PA
Retail				Yes	Yes	Yes	
Eating Establishments		Yes	Yes				
Fast Food		Yes	Yes				
Office Building					Yes	Yes	
Service Shops	SP			Yes	Yes		
Laundry/Tailor	SP			Yes	Yes		
Cabinetmaker							Yes
Print Shop		Yes					
Service Station		PA	Yes	Yes	Yes		Yes
Manufacturing Laboratory			PA	Yes	Yes	PA	PA
Manufacturing Electrical			PA	Yes	Yes	Yes	Yes
Manufacturing/Assembly			PA	Yes	Yes	Yes	Yes
Bottling Plant			PA	Yes	Yes	Yes	Yes
Light Metal Fabrication			PA	Yes	Yes	Yes	Yes
Structural Products				PA		PA	PA
Wood Processing		PA	PA				PA
Heavy Machinery			PA	PA	Yes	Yes	PA
Other Manufacturing			SP			PA	SP
Site Plan Review (PA)				Special Permit (SP)			

In short, the Town of Southbridge should rely on the site plan review process to attract and control the design of new businesses while streamlining the permit process, rather than the burdensome and restrictive special permit process. This freedom to attract new companies and the latitude to effectively regulate site plans and proposals defines what developers need to do and what they need to provide the town in order to "do business in Southbridge". The zoning by-law should be amended to include formal submittal requirements, standards and procedures for the site plan review process. Appendix III contains a suggested format for a Zoning By-Law Site Plan Review process for Southbridge. This policy change will set a clear permitting process and establish

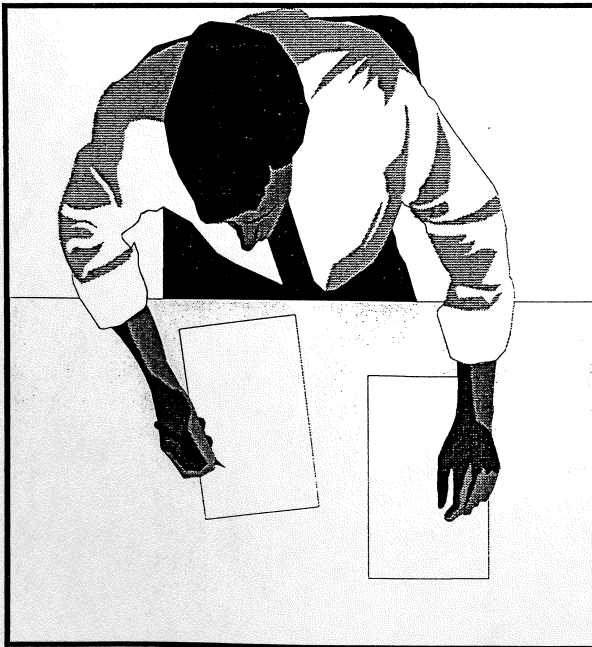
development standards that are oftentimes vague and left up in the air. For existing businesses thinking about expanding in Town or new firms contemplating a relocation into the community, there should be no development secrets.

3. Administrative and Legislative Roles

The government of the Town of Southbridge is the Council/Manager form of government. In basic form, the Town Manager is appointed by the Town Council to be the chief executive officer of the Town. The Town Manager has the responsibility of appointing administrative staff and officials of the Town, including the Police and Fire Chiefs. The Town Council is the legislative branch of government. The Town Manager reports to the Town Council and is responsible to the Town Council.

Economic development is a rather recent responsibility of municipal government. Until the 1950s, even the largest U.S. cities played virtually no role in economic development. Its job was to provide for public safety, take care of streets and sidewalks, parks and public facilities. The concept of municipal planning is a 20th century phenomenon and zoning, the means to control land use and development, only came into existence in the 1920s.

Urban Renewal, a post World War II innovation of the 1950s, was the first instance where communities could take direct action in economic development activities. However, this was limited to the larger cities. Smaller communities, like Southbridge, were not given such tools until the 1970s with the advent of community development block grants at the federal level and similar programs at the state level. Southbridge participated in these programs, most notably in its downtown.



Economic development has become a more accepted role of municipalities. In Southbridge, as in many communities, the responsibility for economic development activities is shared by a number of organizations. On the administrative side, the Town Manager and the Community Development Director play the most visible roles. However, many other Town departments, such as the Assessor, the Building Department and the Public Works Department play important roles. The Town Council has the principal legislative responsibility for economic development activities. For example, the Town Council recently approved an Economic Opportunity Area for the Sandersdale section and approved a Certified Project in that area, with accompanying local and state tax relief incentives.

The Town Council has a subcommittee for Planning and Development, which reviews all economic development issues before the Council and makes recommendations. Other Town quasi-legislative bodies playing a role in economic development activities include the Planning Board, the Redevelopment Authority and the Local Partnership Committee. Private groups, such

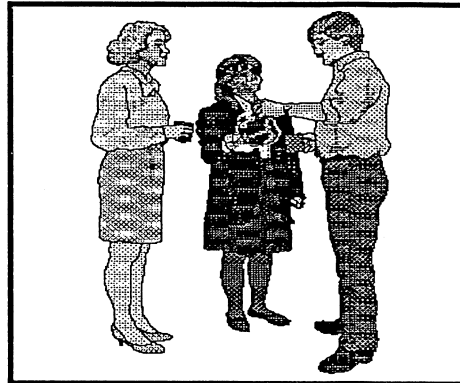
as the Tri-Community Chamber of Commerce, also play a cooperative role along with the Town in encouraging development projects and representing the area business community.

The Town, at one time, had a staff position for Town Planner. This position has not been filled for a number of years and functions have been transferred to the Community Development Director and the Building Department. The Building Department staffs the Planning Board. The Redevelopment Authority exists as an official body of Town government; however, it is relatively inactive at this time. The Local Partnership Committee was established to participate in the Local Partnership for Economic Development created by the Commonwealth; the long-term status and role of this Committee is unknown.

4. Available Economic Development Tools and Resources

The Town of Southbridge is professionally managed with highly capable and dedicated department heads and staff operating the respective business activities of the Town. Generally, there should be nothing more asked of a municipality than to do its job with the high standards used by Southbridge municipal officials and employees. The Town of Southbridge, however, has successfully taken on a role relatively new as a municipal responsibility - that being economic development.

No greater example of the Town's superior capabilities in this area is its successful competition, nationwide, to secure a major DOD facility to the Town. Municipal officials, both professional, appointed and elected, forged a strong alliance with the business community and created a powerful force in achieving this important objective. The Town is recognized nationally as having the professional municipal capacity to create economic opportunities and to take a lead in improving the Town's economic quality of life.



Important other resources available to the Town include private and public agencies which the Town can harness for specific activities. The Tri-Community Chamber of Commerce has been an excellent partner in many Town economic development initiatives, including the Defense Business Management University. The MacKinnon Training Center is an excellent municipal facility, in new quarters, which plays a major role in helping to train and retrain Town residents for productive and good-paying jobs. The Massachusetts Department of Employment and Training and the Regional Employment Board augments the MacKinnon Center and provides direct personnel services to Southbridge employers and residents seeking employment.

The Massachusetts Office of Business Development (MOBD), with offices in Worcester, is available to the Town as a means to focus state programs toward economic development projects. MOBD has played critical roles in the effort to secure the Defense Business Management University and the Center for Advanced Fiber optics Applications (CAFA). CAFA itself will become an important resource for the Town's efforts in economic development.

In order to achieve the full potential for economic development activities, the infusion of public funding opportunities can be extremely helpful. The most likely sources for such monies are public agencies at the local, state and federal level. The justifications for using public monies on development projects are readily accepted and understood. In summary, a few of the justifications are improved tax base, neighborhood rehabilitation, the elimination of blight, the

remediation of environmental hazards, the creation of jobs, the general improvement of the economy and a better quality of life for the resident population.

Locally, a number of opportunities to financially assist industrial and commercial development projects exist. One method is Tax Increment Financing (TIF). This mechanism abates real estate taxes of a private company under a formula whereby the tax abatement reflects the company's investment in its real estate. A similar method, called Special Tax Assessment, is a negotiated tax rate based on reduced tax valuation of the property. The end result of reducing the real estate taxes to a private company is similar in both instances. Another source of local financial support can be in the construction of the roads, sidewalks, water lines, sewers and other public improvements needed to support a development project. The Town currently has important water supply improvements underway and will be undertaking important highway improvements on Main Street. These are items that a developer might otherwise have to include in development costs; however, when the development project is considered in the public interest, the municipality may provide the improvements at public expense. Both TIF and Special Tax Assessment incentives require the Town to identify a site as a Certified Project under the state's Economic Target Area Program.

In many cases, the municipality is the channel for state and federal monies. One example is the Community Development Block Program. Started in the 1970s, CDBG monies are federal funds channeled through the U.S. Department of Housing and Urban Development to communities. Other programs, such as the Economic Development Administration and the Department of Transportation, also fund municipalities to assist development projects.

A number of federal programs exist, predominantly through the Economic Development Administration, the Department of Housing and Community Development, the Department of Transportation and others. Programs to assist the operating companies in a development project are available through the Economic Development Administration, the Small Business Administration and others.

State programs exist to support economic development. These typically are funded through the Commonwealth's Executive Office of Economic Affairs (EOEA), the Massachusetts Office of Business Development, the Executive Office of Communities & Development and others. CAFA has been awarded significant funds through the state's EOEA. The Massachusetts Government Land Bank will hopefully assist the Town in providing funds for the planning of the new Industrial Park at the airport. The state Department of Transportation can assist Town projects by providing important infrastructure improvements. The Commonwealth has an ongoing program entitled Public Works Economic Development funds to implement important public works improvements which assist economic development projects. Other state programs involve investment tax credits, job creation funds and employment training programs.

5. Achievements and Perspective

The Town of Southbridge has an excellent track record in taking charge and succeeding in economic development activities. One excellent example is the work completed during the late 1970s and early 1980s with regard to downtown Southbridge. In addition to extremely successful beautification efforts for Main Street, important off-street parking was created on either side of Main Street to ensure the viability of buildings fronting on Main Street. The creation of these lots was sensitively accomplished so that Main Street would not lose any of its very special character; however, the off-street parking created has provided an important amenity the motoring public demands. Furthermore, the parking lots were tastefully designed and constructed; rear entrances to commercial buildings were integrated into the plan.

Also, the Town was instrumental in assisting developers obtain various state and federal assistance programs to have their buildings renovated and adapted to other uses. At times, some residents of Southbridge may question why downtown Southbridge is not better than it is. This economic development plan identifies that downtown Southbridge is at least as successful as the most successful downtowns in central Massachusetts. In fact, considerable activity continues in the Town's hub and the downtown commercial real estate market is active and healthy. Great opportunities continue for downtown Southbridge and conditions will improve, much of it based on other initiative in which the Town Council and administration has taken a lead. What residents must understand is that downtowns will not be what they were in the 1950s and that any desire that they return to that era when downtown was the shopping king is merely an exercise in nostalgia.

Southbridge residents should consider what downtown Southbridge might be if the improvements made in the 1970s and 1980s had not occurred. Streets and sidewalks would be old and deteriorated. No street trees and public areas would exist. Parking would be only available on the street. Downtown Southbridge would be a dismal place and the real estate market would be similarly depressing.

Downtown Southbridge today is a place outsiders may appreciate better than Town residents. It is a beautiful downtown. It has a Victorian flavor accented by beautiful architectural steeples and surrounded by rolling New England hills. It is a gem which Town action in the past has preserved and which is now working to even further improve.

More recently, Town Council and administration activities have been world-class. Due solely to the tireless efforts of the Town Council, the Town Manager and the Southbridge business community, Southbridge competed successfully with the entire nation and came away with being selected as the site for the Defense Business Management University (DBMU). This did not come to Southbridge by chance; Southbridge Town officials had to work long and hard for it. While others may suggest that the resultant facility is smaller than what had been originally sought after, it must be remembered that Southbridge was the **ONLY** community selected which did not have an existing Defense facility or an existing military base. Southbridge's Herculean efforts impressed those at the highest levels of state and federal government, and those efforts were rewarded.

Similarly, the Town's hard work in creating a major fiber optics research and development facility for Southbridge was rewarded by the establishment of the Center for Advanced Fiber Optics Applications (CAFA) at the AO/Southbridge Business Center complex. Although the home of fiber optics, Southbridge had seen much of this industrial activity move to the nearby towns of Sturbridge and Charlton. Successfully working to create CAFA from nothing and then having it located at the Town's center means that Southbridge will once again become the hub of new fiber optic technology. Under a carefully formulated plan, new companies will be created and will be encouraged to locate in Southbridge, not only to be close to CAFA but also because of the numerous financial incentives the Town can provide.

Both DBMU and CAFA have not as yet had their substantive impact on the economy of Southbridge, although the impact on the Town's collective psyche has been outstanding. As both of these new facilities become established, their impact on the Town and the surrounding area will be significant. However, they would not have occurred without the creative, persistent and proactive hard work of the Town Council and the Town Administration.

Proceeding with this economic development plan for the future is just another example of the Town's proactive perspective regarding the future of its community. The Town's desire is to take past successes and use them as a base for even more economic development. The Town is currently working hard to create a new industrial park near the municipal airport. This new

development opportunity will allow the Town to entice companies which need modern industrial space in order to grow and to provide jobs.

Recently, the Town-administered MacKinnon Training Center moved into expanded and renovated quarters in a former school on Pleasant Street. Unique as a municipal department, the purpose of MacKinnon is to provide vocational education for all Town residents of all ages. This renewed commitment by the Town to the MacKinnon facility is something unmatched by communities many times larger than Southbridge.



Southbridge, however, is still a small town. Being a small town is an important characteristic in the Town's favor. But being small means that budgets are also small. The Town's Administration is a lean and effective organization. The lights burn late at Town Hall. However, only so much can be done by a small and committed staff. What this small group of dedicated people have achieved so far is remarkable. What they plan to achieve in the future will place a heavy burden on the staff. This economic development plan outlines numerous initiatives for the future. It may be difficult, if not impossible, for the existing Town administrative staff to achieve each and every one of them.

Currently, much of the economic development activity in Town rests with the Town Manager and the Community Development Director. Both have numerous other responsibilities. The Town Manager, of course, has responsibilities in all aspects of Town government. The Community Development Director, without support staff, is responsible for Town housing and community development initiatives as well as all federal and state grants the Town pursues.

The decision to add staff to the administration to accomplish economic development initiatives is one which the Town Manager and the Town Council must weigh against other needs of the Town and budget realities. It may become necessary for the Town to be selective in undertaking a partial set of economic development initiatives which can be effectively addressed without overwhelming the Town's administrative staff. This economic development plan also identifies quasi-public and non-profit organizations which the Town may wish to consider creating to augment the Town's economic development capacity. Other communities in the Commonwealth have created similar organizations and their experience can be a guide for Southbridge decision-makers. The Town of Southbridge has an outstanding heritage, with national recognition, of successful economic development efforts. The Town is committed to continuing on this leadership path. As part of the decision-making in pursuing future economic development initiatives, the scale of activity needs to be addressed. If an increased scale is desired by the community's leadership, organizational and institutional capacities will need to be adjusted. The community's capacity for pursuing economic development initiatives must be sufficient to ensure that Southbridge can have its economic development efforts continue the Town's heritage of successful results.

II. Analysis of Southbridge Economic Development Performance, Problems & Opportunities

A Land Use

1. Downtown Space Analysis

Downtown space is readily available for expanding existing retail and service uses and for new businesses wishing to relocate downtown. This vacant space offers an opportunity for the Town and the business community relative to having an existing resource to promote expansion and downtown revitalization. As part of its economic development action plan, the Town needs to identify productive uses for vacant space before any significant new development downtown can occur.

2. Industrial Building Analysis

Industrial properties that offer a business expansion and company relocation potential for the Town of Southbridge include older mill buildings and relatively modern industrial facilities. Some of the industrial mill buildings closest to the center of Town have been converted over to commercial uses and contain sales and service companies. Some other older mill buildings have more of a warehouse purpose and still others are being used for highly technical fiber optics manufacturing.

3. Land Development Opportunities

Vacant industrial, commercial and residential land offer an excellent opportunity for Southbridge. However, some vacant parcels are unbuildable due to topography and others are limited by the lack of community infrastructure. The consultant team has identified 28 parcels that offer great development potential to Southbridge. There are 13 parcels valued at \$610,100 which have economic development potential for industrial expansion and business retention. There are 12 vacant commercial parcels valued at \$346,100 that have some degree of commercial expansion and redevelopment potential. Lastly, 3 specific residential parcels have some degree of potential within a larger community-wide economic development strategy. These 3 vacant land use classes present a untapped resource for development.

B. Assessment of Southbridge's Capabilities

An Economic Development Vision for the Town of Southbridge evolves from open discussions, a public participation process aimed at arriving at a consensus, data research and by understanding the strengths and weaknesses of the community. Knowing the capabilities of Southbridge, this effort stands as a foundation for an implementation plan for economic development. The following is a summary of the strengths and weaknesses by planning policies and planning programs, as identified by various parties and individuals.

1. Community Strengths Favoring Economic Development

Policies

DOD Success
"Can Do" Community Attitude
Existing Community Partnerships
Opportunities For L & M Income Persons
Not Many Blighted Influences
ETA Designation
Strong Business Community
Strong Leadership Of Town Manager
Responsive Town Government
Numerous Community Organizations
Great People/Community Strength
Traditional Service Employment Center
Community Desire To Improve
Existing Development Organization/SRA
Market Potential For Existing Buildings
Simple Permit Process
The Central Mass. Legislative Caucus

Programs

CAFA
Solid Infrastructure
MacKinnon Center
Planned Airport Industrial Park
Main Street Program
Tourist Area (Antiques)
Vacant Industrial Space
Harrington Hospital
Municipal Library
Strategic Regional Location
Supplies Of Undeveloped Land
Sizable Labor Force
Diverse Employment Base
Full Time Public Safety
Quality Schools
Unique Architecture
Affordable Housing
Optical Museum
Industrial Clusters
Fiber Optics
Optics
Metals
Recreation / Bicycling

2. Community Weaknesses/Obstacles Which Must Be Overcome

Policies

Negative Public Perception / Blight
Lack Of Recognized Development Organization
Community Education
Lost Jobs To Neighbors
Business Relocation
Negative Business Climate
No Formal Development Application Process
Negative Thinking
Tunnel Vision On Future Direction
Scarce Municipal Money
Older Population/Exodus Of Young People
High Tax Rate / Low Values
Polarized Populous
Drop Out Rate
Weak Retail Base/Vacancies
No Theme To Main Street

Programs

Lack Of Regional Access
Language Barriers
Blighted Buildings
Incompatible Buildings
Industrial Vacancies
Geography
Regional Cooperation
Cellular Phone Service
21E Sites
Noise Level
Handicap Access / ADA
Transportation
Blighted Gateways
Route 131 Limits
No Recreation Opportunities

From an evaluation of community strengths and weaknesses, five (5) general planning concepts crystallize to guide economic development. They are;

1. To develop a friendlier business environment and create public / private partnerships. The community needs to aggressively market and promote the town. Improve the appearance and community character of Southbridge;
2. To continue to Identify and target parcels available for development. Review local regulations and procedures that inhibit business expansion, make appropriate changes. Support local businesses;
3. To develop new incentive programs to support the reuse of older buildings, mill complexes, and vacant land. Create a program evaluation and implementation schedule to ensure that the economic development action plan moves forward;
4. To work towards designations of more Economic Opportunity Areas (EOAs). From here, channeling growth and resources to these EOAs;
5. To strengthen the development approval process and streamline permitting.

3. Local Manufacturers Survey

In September, a survey under the Town's signature was mailed to 58 manufacturers identified to be located in the Town of Southbridge. Of the 58, 6 were returned undeliverable, meaning 52 surveys reached the desired address. 24 responses have been received in the mail, for an excellent response ratio of more than 46%. In October, a follow-up telephone survey was completed for those companies which did not respond by mail. An additional 12 responses were completed, for a total of 36, or 70% of those mailed. The following is a tabulation of the responses:

Do you currently **21-own** or **15-rent** the building in which your company is located?

If you own the building, do you have excess space in the building you would wish to lease to others?

6-Yes **15-No**

If Yes, how much floor area would be available for lease? **Total of 501,000 sq.ft. was identified as available, including AO responding that 350,000 sq.ft. is available.**

If No, do you project that your company will need more space soon? **13 -Yes, 17 - No.** If you need more space, how much floor area will you need? **Of those saying Yes, two did not state floor area, of the remaining six, an aggregate floor area need of over 50,000 sq.ft. was identified.**

How many employees at your company currently? **3,385** How many employees do you project for your company 24 months from now? **3,603**

Are there companies you would like to have located in Southbridge which are compatible with your business and which could improve your business by having them nearby? If so, please identify: **Responses included glass-making, optical measurements, materials laboratories, information technology, computer installation management, metal fabrication, heat treating services, steel suppliers, industrial supply services, more machine shops, OEM capital equipment, molding & extrusion, turnkey PET recycling companies, miniature optical component manufacturers, finish painting companies and plating companies. Two responses stated that they wanted stable companies to improve the Town's economy. One response identified national, name-brand companies by name, such as IBM, Kodak, etc.**

Would you wish information on various government financial incentives for businesses?

23 - Yes 10 - No

Would you wish a Town representative to contact you about expansion/growth plans for your company?

8 - Yes 24 - No

In analyzing the responses, the consultant team found that:

1. Southbridge manufacturers are not apathetic. A 70% response to a survey is exceedingly high. Given the level of interest, the Town may wish to host a briefing of manufacturers once or twice a year to apprise them of municipal activities and to obtain input or a sense of economic issues from them. A continuing dialogue is important.
2. Space is available and there are manufacturers identified who would like to accommodate other company expansion or new companies. Already identified are six companies with a future need for over 50,000 sq.ft. A simple correlation of those respondents who have space with those who need it would be an excellent service to the community by Town administration.
3. Manufacturers are planning for growth. 36 respondents identify a need to fill 218 jobs in the next two years. This is a growth expectation of about 6.5%. This should be considered better than recent, county-wide trends showing a resurgence in manufacturing since late 1993. Representatives of the MacKinnon Center should consider contacting the companies identified for growth in order to increase the likelihood that the jobs might go to Southbridge residents.
4. Over half of those responding to the question about more information said they would want to hear more. This is excellent and should not be overlooked. Furthermore, eight respondents would like a representative of the Town to call on them. Again, this is an excellent opportunity for the Town to forge a better relationship with its manufacturers. Given recent news about Southbridge manufacturers moving to suburban locations, this is an opportunity for the Town to develop a better dialogue with manufacturers in order to prevent any future exodus.
5. Southbridge manufacturers have listed target companies which could be sought out for relocation into Southbridge or the surrounding area. It could be assumed that these types of companies would already have some potential customers in Southbridge. Furthermore, if they would improve the business climate for existing companies, there would be a double economic benefit.

C. *Development Potential*

From data collection and analysis, the focus of development activity (new construction, in-fill, reuse and building renovation/expansion) in Southbridge should fall into six (6) planning areas; current new major initiatives, Economic Opportunity Areas (EOA), targeted industrial buildings, targeted vacant space/existing inventory in Downtown, targeted vacant land, and 21E Sites. Under existing land use conditions, these target areas offer the greatest development potential and therefore are pivotal to the community's economic development vision. Given local resources and available infrastructure capacity (water, sewer and public safety) to support new growth, these economic development planning areas provide a starting point and target from which to

market the community. Sites within these areas of potential will shape Southbridge's Economic Development Vision and land / buildings in these 6 planning areas can act as the foundation of new business growth. Deserving land and buildings in these three areas should receive the benefits of public/private partnerships formed to help retain existing businesses. The Town of Southbridge should target policies, programs and incentives, while clustering new companies to these economic development planning areas. In some cases, sites can be combined or joined with existing parcels or businesses (Hyde Manufacturing Co.) or they can be rezoned (Moon St. and Hamilton Mill site) or attached to abutting zoning districts (Ashland Avenue EOA). To see attainable results within a community-wide economic development planning process, the vision for Southbridge should be targeted towards areas that have the greatest development potential in terms of usable buildings, existing infrastructure, land capacity, as well as the capacity of municipal resources.

In summary, Southbridge should concentrate its economic development planning efforts in these six (6) target areas of development potential:

1. ***Current New Major Initiatives in Southbridge***
Defense Business Management University (DBMU)
Center for Advanced Fiberoptics Applications (CAFA)
Southbridge Airport Industrial Park
2. ***Economic Opportunity Areas (EOA) sites (Map 3)***
3. ***Targeted Industrial Buildings (21 buildings)***
4. ***Targeted Vacant Space/Existing Inventory in Downtown***
5. ***Targeted Vacant Land (industrial, commercial site
and residential parcels)***
6. ***21E Sites - 21 parcels within the community***

1. *Impacts of Current New Major Initiatives*

a. Defense Business Management University (DBMU)

The success by the Town of Southbridge to secure the Department of Defense Financial and Administration Training Facility, now identified as the Defense Business Management University (DBMU), not only acts directly as a major infusion of economic value into the community but also provides for opportunities for indirect positive impacts and unique opportunities to use the presence of DBMU to attract other economic activity to Southbridge.

The presence of 750 or more DOD employees at DBMU would make the facility the largest employer in Southbridge. Currently, the largest employers in Town are Harrington Hospital and Cabot Safety Corp. with approximately 600 employees. Furthermore, the construction necessary to prepare DBMU will involve substantial employment in the building trades for approximately a year after construction commences.



b. Center for Advanced Fiberoptics Applications (CAFA)

The Town and business community's success in bringing together the various fiberoptics manufacturers to form the Center for Advanced Fiberoptics Applications (CAFA) is truly remarkable. The timing was excellent. The changing market environment for the fiberoptics companies came together with a strong community effort to develop the American Optical

complex, among other factors. CAFA's formation makes a strong statement, worldwide, that the Southbridge area is the center of fiberoptics technology.

What is important to the Southbridge economy is that the basic and principal purpose of CAFA is to increase business for local fiberoptics companies. Direct outgrowths of this purpose will be new jobs at existing fiberoptics companies and the formation of new companies and/or subsidiaries of existing local companies. Secondary economic impacts are the involvement of the University of Massachusetts, the Center for Technology Commercialization and NASA in addition to local fiberoptics companies and utility companies. In addition to the potential for new fiberoptics technology and products, one of the objectives of CAFA will be to blend the technology of local fiberoptics companies with that of more traditional manufacturers in order that complete systems products can be produced locally, rather than individual fiberoptics components which currently characterizes the local fiberoptics industry today.

Already, an interesting secondary impact of the formation of CAFA is the establishment of new connections between the Tri-Community area and the Republic of Ireland. This understandably serendipitous occurrence underlines the importance of CAFA and its potential to focus international eyes on activities taking place in Southbridge. The Town can play important supportive roles in helping to maximize CAFA success.

c. Southbridge Airport Industrial Park

The Southbridge Airport Industrial Park is a direct initiative by the Town of Southbridge. It represents a major change in how people view Southbridge Town services. It places economic development activities as a direct function of Town legislative and administrative officials. Wood Recycling would like to build a 78,000 sq.ft. facility for \$15-\$20 Million at the park. Of the 650 acres rezoned to industrial, 350 are Town-owned and 300 are private. The private land is needed for road access. After the road is complete, the Town may rezone the private land to something else, should the neighborhood and property owners wish for additional rezoning. The Southbridge Airport Industrial Park project should be brought to completion.

2. Economic Target / Opportunity Areas

a. Ashland Avenue/Sandersdale Economic Opportunity Area (EOA)

The Ashland Avenue/Sandersdale section of Southbridge is the first Economic Opportunity Area designated by the Town and approved by the Commonwealth. Bermer Tool is the first Certified Project and will receive important local and state financial incentives for the company's growth. With regard to the remainder of this relatively large Economic Opportunity Area established by the Town, business attraction and retention activities should be maximized.

b. Additional Economic Opportunity Areas (EOA)

The Town of Southbridge has been designated an Economic Target Area by the Commonwealth. As such, the whole Town has the opportunity to provide state and local tax relief and incentives in designated areas. Presently, companies which are expanding in the Town and companies which will relocate to the Town must set up along the Ashland Ave EOA corridor. The Town Council must build upon their recently designated Economic Opportunity Area in the Sandersdale section of the Town. A preliminary listing of additional general areas in Southbridge which might be identified as Economic Opportunity Areas has been developed by the consultant team. They are: