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INDUSTRY OPPORTUNITIES FOR MANCHESTER

Prepared for the Town of Manchester

Prepared by the Connecticut Economic Resource Center, Inc.



Connecticut
Economic
Resource Center

Collaboration at Work

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The Connecticut Economic Resource Center, Inc. (CERC) is a nonprofit corporation and public-private partnership that provides our clients with objective research, marketing and economic development services. Our mission is to provide services consistent with state strategies, leveraging Connecticut's unique advantages as a premier business location. CERC has proven and relevant expertise providing clients with the knowledge and insight they need to gain a competitive advantage. CERC is a pioneer in the development of programs, technologies and capabilities to support effective economic development and offers a complete range of services from economic impact analysis, strategic planning, data gathering and communications, to outreach, site selection and business assistance. CERC has earned a reputation for excellence in Connecticut's economic development community through our accomplished, professional staff, commitment to customer service, and connection to a network of strategic partners.

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Executive Summary

The Connecticut Economic Resource Center, Inc. (CERC) conducted an analysis of industry trends in Hartford County in order to inform and guide the Town of Manchester's economic development plan and activities. The industry analysis looked at various trends and key characteristics for every industry in the region to determine which industries should be the focus of economic development efforts.

An industry analysis matrix was developed to synthesize the analysis and to determine the key industries in the region and their performance. Each industry received a score based on the following criteria: 1) whether the employment location quotient was relatively high, which measures how concentrated the industry was in the region as compared to the nation; 2) whether the industry showed a competitive edge within an industry segmentation analysis; 3) whether the employment multiplier was greater than average for the state as a whole, meaning that an increase in workers in that industry had a relatively large effect on the economy; 4) whether the average income multiplier was greater than average for the state as a whole, meaning that an increase in income in that industry had a relatively large effect on the economy; 5) whether the industry wage was greater than the state average; 6) whether the industry's recent national job change was greater than U.S. average; 7) whether the industry's jobs as a share of U.S. total jobs had increased; and 8) whether the regional results coincided with current trends in the Town. Depending on the scores received, the industries were classified into one of three categories: "have strong presence yet slowing growth," "don't have strong presence but showing emerging signs of growing in the area," and "have strong presence, continued potential for growth". These three categories are key industries that Manchester should target.

The industries with strong presence yet slowing growth:

These industries are characterized by, but not limited to, the following features: having an industry segmentation as a current strength or emerging strength; being more concentrated in the region than the nation; having an increasing ratio between the industry's jobs as a portion of U.S. total jobs; having higher employment concentration; having positive growth in jobs paying higher wages; and adding more jobs than the U.S. average. These industries tended to be mature, strong, and profitable, but have not seen recent employment growth. The industry segmentation analysis section of this report provides more details. The industries considered strong yet with slowing growth in the region are:

NAICS 332 Fabricated Metal Product Manufacturing: Industries in the Fabricated Metal Product Manufacturing subsector transform metal into intermediate or end products, other than machinery, computers and electronics, and metal furniture, or treat metals and metal formed products fabricated elsewhere. Important fabricated metal processes are forging, stamping, bending, forming, and machining, used to shape individual pieces of metal; and other processes, such as welding and assembling, used to join separate parts together. Establishments in this subsector may use one of these processes or a combination of these processes.

NAICS 336 Transportation Equipment Manufacturing: Industries in the Transportation Equipment Manufacturing subsector produce equipment for transporting people and goods. Establishments in this subsector utilize production processes similar to those of other machinery manufacturing establishments - bending, forming, welding, machining, and assembling metal or plastic parts into components and finished products. However, the assembly of components and subassemblies and

their further assembly into finished vehicles tends to be a more common production process in this subsector than in the Machinery Manufacturing subsector.

NAICS 524 Insurance Carriers and Related Activities: Industries in the Insurance Carriers and Related Activities subsector group establishments that are primarily engaged in one of the following: (1) underwriting (assuming the risk, assigning premiums, and so forth) annuities and insurance policies or (2) facilitating such underwriting by selling insurance policies, and by providing other insurance and employee-benefit related services.

NAICS 551 Management of Companies and Enterprise: The Management of Companies and Enterprises sector comprises (1) establishments that hold the securities of (or other equity interests in) companies and enterprises for the purpose of owning a controlling interest or influencing management decisions or (2) establishments (except government establishments) that administer, oversee, and manage establishments of the company or enterprise and that normally undertake the strategic or organizational planning and decision making role of the company or enterprise. Establishments that administer, oversee, and manage may hold the securities of the company or enterprise.

NAICS 531 Real Estate: Industries in the Real Estate subsector group establishments that are primarily engaged in renting or leasing real estate to others; managing real estate for others; selling, buying, or renting real estate for others; and providing other real estate related services, such as appraisal services.

The industries showing emerging signs of growing:

Emerging industries comprise the regional strengths and best fits for potential growth in Manchester. These are key industries due to their substantial employment in Manchester, as well as their fast growth at the national level. One industry was categorized as showing strong potential for growth:

NAICS 325 Chemical Manufacturing : The Chemical Manufacturing subsector is based on the transformation of organic and inorganic raw materials by a chemical process and the formulation of products. This subsector distinguishes the production of basic chemicals that comprise the first industry group from the production of intermediate and end products produced by further processing of basic chemicals that make up the remaining industry groups.

The industries have strong presence and continued potential for growth:

The industries that outperformed the industry's national performance in most of the criteria except having less than average employment multiplier and income multiplier are categorized as *have strong presence and continued potential for growth*. This category includes two industries:

NAICS 515 Broadcasting (except Internet) subsector include establishments that create content or acquire the right to distribute content and subsequently broadcast the content. The industry groups (Radio and Television Broadcasting and Cable and Other Subscription Programming) are based on differences in the methods of communication and the nature of services provided. The Radio and Television Broadcasting industry group includes establishments that operate broadcasting studios and facilities for over the air or satellite delivery of radio and television programs of entertainment, news, talk, and the like. The Cable and Other Subscription

Programming industry group includes establishments operating studios and facilities for the broadcasting of programs that are typically narrowcast in nature (limited format, such as news, sports, education, and youth-oriented programming) on a subscription or fee basis.

NAICS 523 Securities, Commodity Contracts, and Other Financial Investments and Related

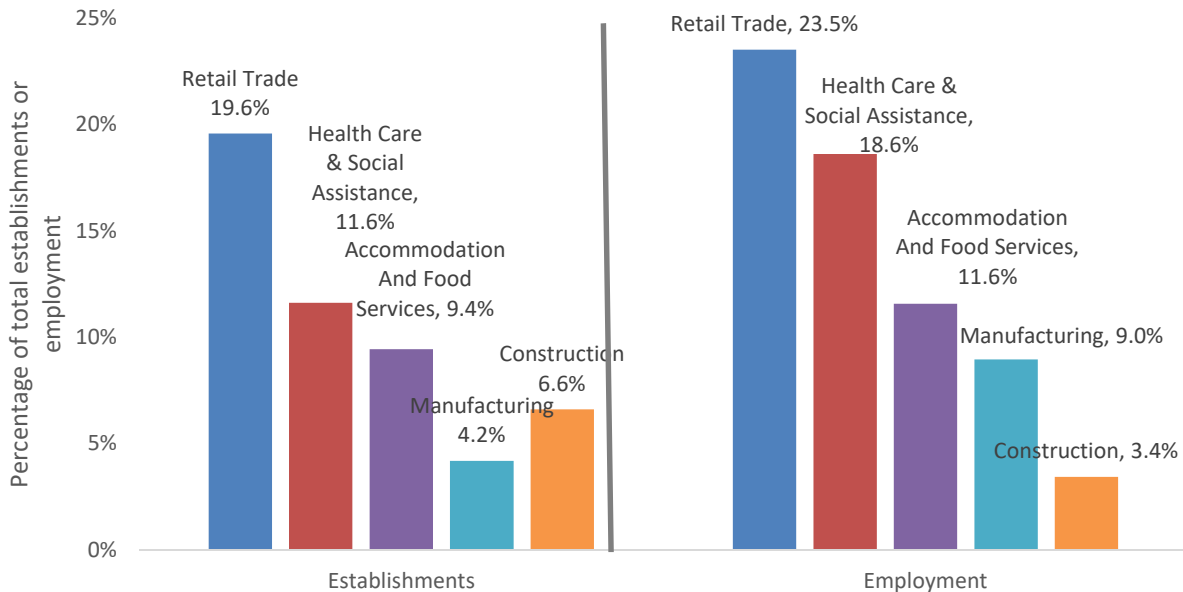
Activities: The industries in this subsector group establishments that are primarily engaged in one of the following: (1) underwriting securities issues and/or making markets for securities and commodities; (2) acting as agents (i.e., brokers) between buyers and sellers of securities and commodities; (3) providing securities and commodity exchange services; and (4) providing other services, such as managing portfolios of assets; providing investment advice; and trust, fiduciary, and custody services.

** Industry definitions are adapted from Bureau of Labor Statistics*

Background

According to the current Manchester town profile, the top three industries based on establishments and employment are Retail Trade, Health Care and Social Assistance, and Accommodation and Food Services.

Figure 1: Manchester's Top Industries by Establishments and Employment



Source: CERC; Manchester Town Profile 2015

The economic development staff in the Town of Manchester is interested in knowing about industries that are growing in the region and that may have the potential to locate and thrive in Manchester. To that end, CERC conducted a detailed industry analysis of the regional economy. This analysis identified the types of businesses with the most economic potential for the Town.

Since economic activity takes place at a regional level and Manchester's residents and businesses are affected by events and trends that are taking place around them, sound local planning must use a regional context. The focus of the analysis, therefore, is mainly Hartford County.

Industry Analysis

Objective

The purpose of the industry analysis is to fully examine the regional economy by focusing on answering questions such as, which industries are growing, which industries have a concentration in the region (and, thus, a regional specialization or advantage), and which industries provide higher wages on both regional and national employment trends? Those answers will identify industries that have the greatest growth potential within the region and, thus, which industries Town officials may consider targeting.

Methodology

An industry analysis matrix was created to capture the comprehensive results of the study after examining the health of the economy from local and regional perspectives. Criteria were developed for each step in the analysis, and each industry received one point for a “yes” answer on each of the following eight criteria. Note that for Industry Segmentation, the industry received one point for being identified as a current strength or an emerging strength.

Regional Industry Segmentation

1. Was the industry a current or emerging strength or high priority retention target according to the industry segmentation analysis described in the next section?

Regional Employment Profile and Trend

2. Did the industry have a high relative employment concentration (location quotient) in the region in 2016?

National Employment Trend

3. Did the ratio between the industry’s jobs as a portion of U.S total jobs increase since 2006?
4. Has the industry experienced flat or positive job growth since 2009?

Regional Multipliers

5. Was the industry’s employment multiplier¹ greater than the average of all the employment multipliers in the region?
6. Was the industry’s income multiplier² greater than the average of all the income multipliers in the region?

Connecticut Wages

7. Was the industry’s average state wage greater than the average state wage in 2009?

Each step in developing the matrix is explained briefly below, followed by the results of the analysis.

Segmentation. Regional economic drivers were identified through an industry segmentation analysis. For this analysis, all industries (defined using 3-digit NAICS codes) in the region were compared to the nation’s industries. The steps of the industry segmentation analysis included:

- Calculating relative employment concentration for each industry for 2016;
- Calculating the absolute change in employment for each industry from 2009 to 2016;
- Calculating the regional employment for each industry for 2016; and

¹ An employment multiplier indicates how important an industry is in regional job creation. An employment multiplier of 3 means that for every new “direct” job in that industry, two more jobs are created in other industries (i.e., for a total of three jobs). Typically, these additional jobs include many “fractions” of jobs spread over many industries.

² An income multiplier indicates the total amount of employee compensation paid out by employers as a result of an economic activity. An income multiplier of 1.5 means that for every dollar of compensation entered as a “direct effect” in a new scenario, an additional \$1.50 is paid out in wages, salaries, and other compensation throughout the economy.

- Performing a shift-share analysis³ to determine each industry's competitive share.⁴ If the competitive share component is positive, then the region's performance is not merely caused by national trends and a local advantage is helping the industry succeed.

After the calculations were complete, each industry was classified into one of the following categories:

1. Current Strengths have been able to develop a regional presence and thrive, as demonstrated by a relative employment concentration in the regional economy and recent growth.
2. Emerging Strengths have seen regional growth but there is not yet an employment concentration.
3. Priority Retention Targets have done well in the past in the region but a recent loss of competitive share suggests the need for attention to stave off further decline.

Through this process, five industries were identified as Current Strengths because they had high regional employment, a regional concentration, an increase in regional jobs, and a regional competitive advantage (Figure 2). Another ten industries were identified as Emerging Strengths of the region, and four industries were classified as Priority Retention Targets. Appendix B provides segmentation results for all industries.

Figure 2: Industry Segmentation Results for Hartford County



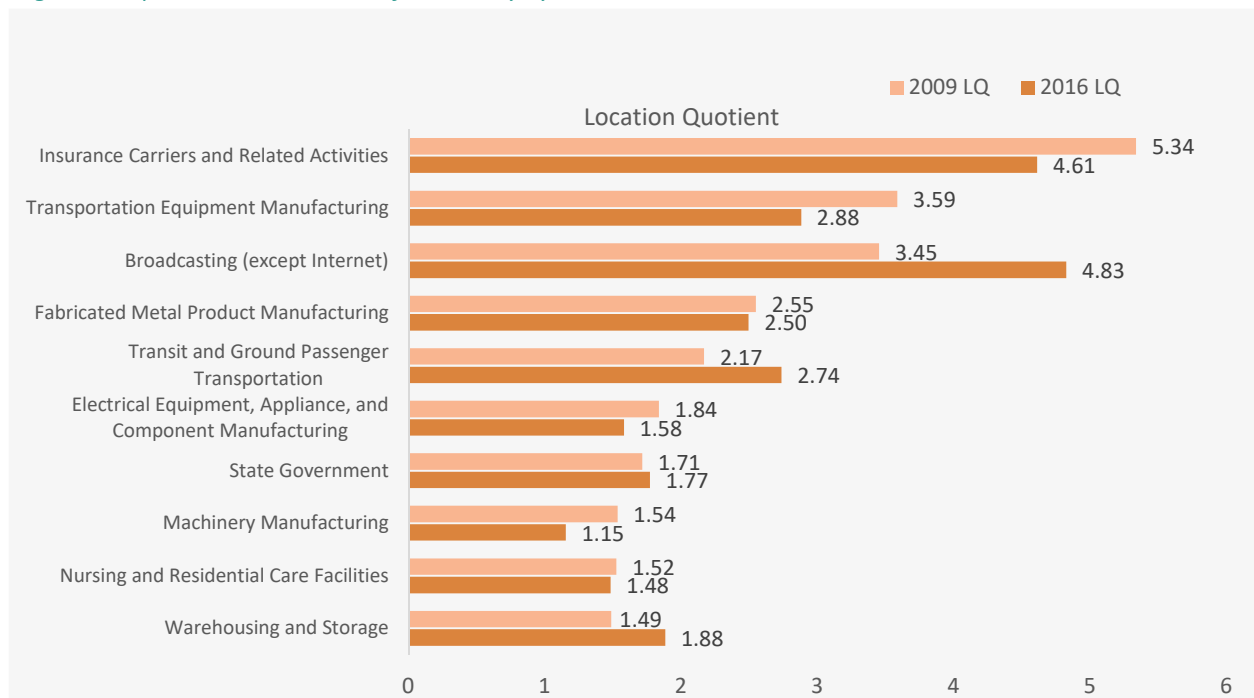
³ Shift share analysis is a standard regional analysis method that determines how much regional job growth can be attributed to national trends and how much is due to unique regional factors. Shift share analysis helps answer why employment is growing or declining in a regional industry, cluster, or occupation. (Emsi)

⁴ Competitive share indicates how much of the change in a given industry is due to some unique competitive advantage that the region possesses, because the growth cannot be explained by national trends in that industry or the economy as whole.

Employment Concentration. Looking at relative concentrations shows which industries have employment levels that are higher than the U.S. average and also provides a measure of the overall health of industries. Concentration is typically measured through the location quotient (LQ), which is calculated by dividing the regional employment in an industry as a proportion of national employment in that industry by total regional employment as a proportion of total national employment. Thus, a LQ of 1.0 indicates that the industry in a region represents the same share of total regional employment as the industry represents at the national level, while an LQ above 1.1 is typically considered evidence of a regional concentration (and, thus, specialization or advantage) in that industry.

Sixteen industries (as defined by 3-digit NAICS codes) in the region had LQs above 1.1 in 2009, indicating they were relatively concentrated compared to employment at the national level (Figure 3), with the top three industries related to insurance, transportation equipment manufacturing and broadcasting. Four of these ten industries had an increased concentration by 2016, when 19 industries had an LQ over 1.1, with Broadcasting (except Internet) (NAICS 515) being the most concentrated. Appendix A provides a list of location quotients for all industries in 2009 and 2016.

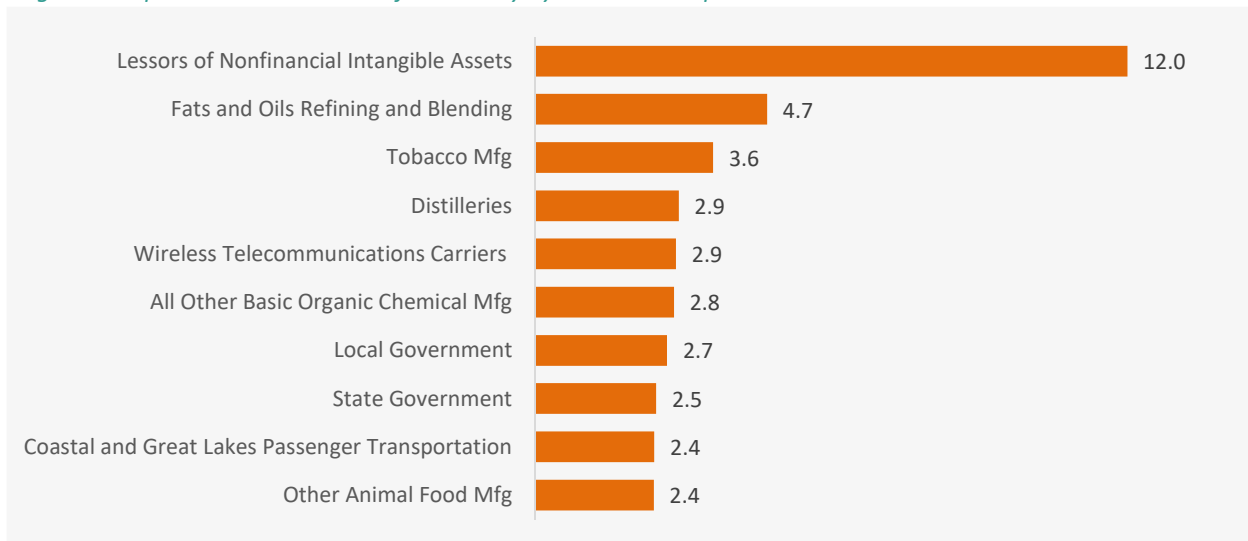
Figure 3: Top Ten Industries in Hartford County by Location Quotients, 2009 and 2016



(Source: Emsi)

Regional Multipliers. Economic multipliers calculate the total effect of an economic change in a region. An employment multiplier, for example, estimates how the addition (or subtraction) of one job will affect employment in other industries in the region. For example, each new job in a general medical and surgical hospital in the state of Connecticut results in an additional 1.9 jobs being created because of the need for other positions (potentially including other hospital workers or local non-health service providers, such as restaurants or dry cleaners). Similarly, new industry sales or employee earnings also create additional sales or earnings, respectively, in the wider regional economy. Figure 4 lists the top industries in Hartford County whose compensation has the greatest ripple effects in income through local economies. For instance, a per dollar increase in income in the Lessors of Nonfinancial Intangible Assets industry is likely to bring about a \$12 increase in local income.

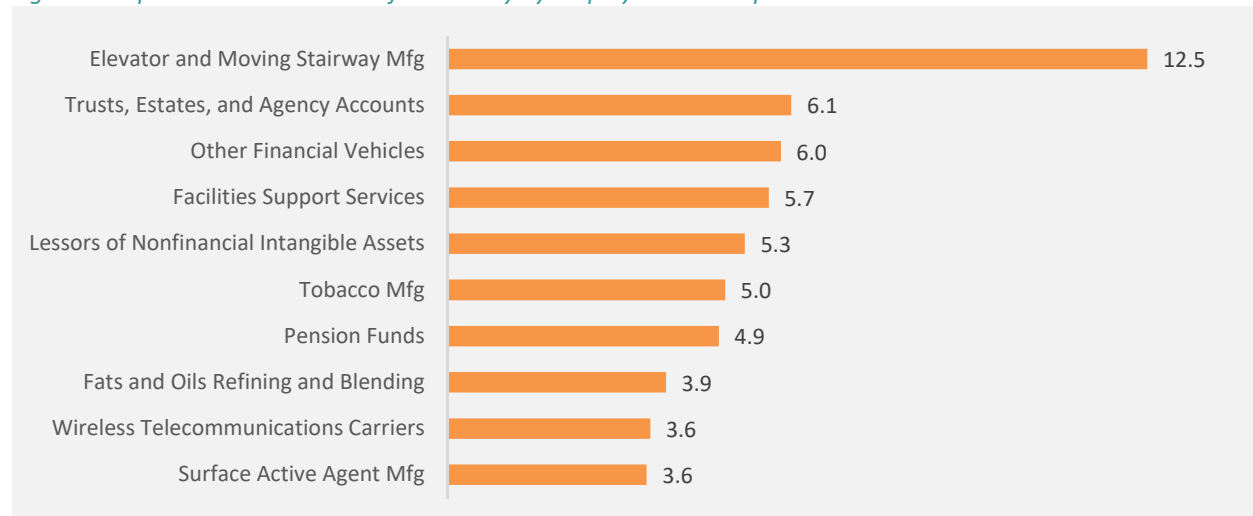
Figure 4: Top Ten Industries in Hartford County by Income Multipliers



(Source: Emsi)

Figure 5 lists the top industries whose job creation would lead to additional job creations in the region. For instance, every job created in elevator and moving stairway manufacturing industry is likely to bring about 12.5 jobs in the area through the local economy.

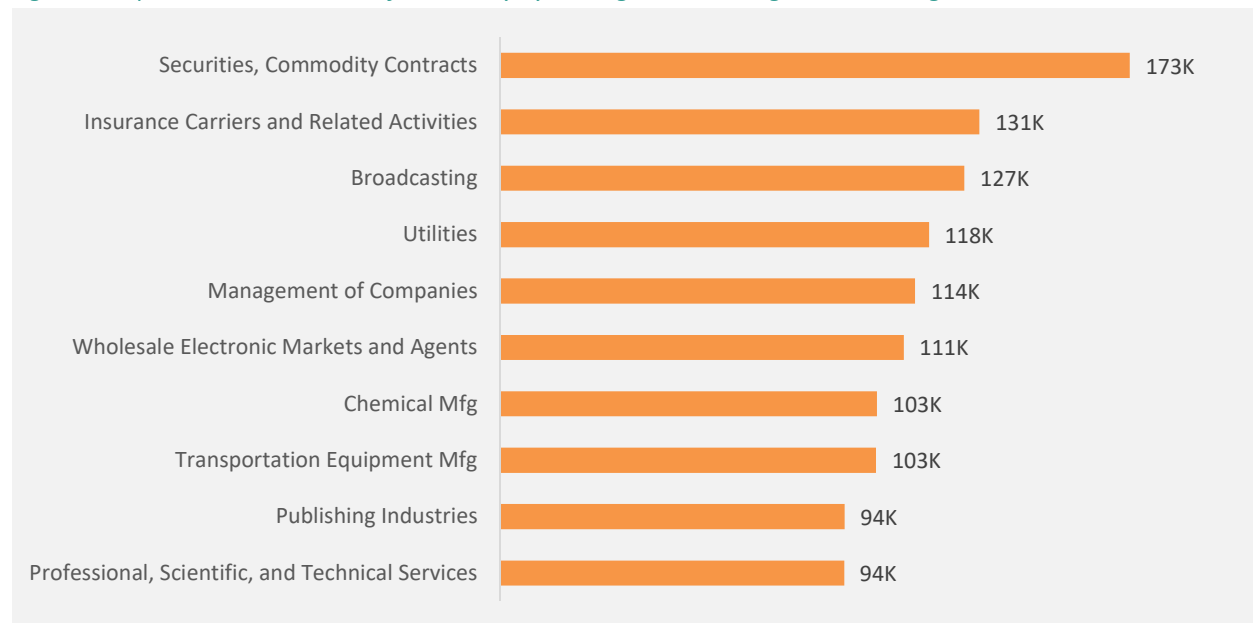
Figure 5: Top Ten Industries in Hartford County by Employment Multipliers



(Source: Emsi)

Quality of Local Jobs. In order to maintain and improve the economy in Manchester, it is desirable to have a wide range of well-paying jobs, especially in light of Connecticut’s higher average wages and more highly skilled residents (compared to the nation overall). Therefore, it is useful to compare average earnings in each industry to the state’s average wage to identify which regional industries are producing higher paying jobs, which would attract or retain residents and also allow them to consume additional goods or services. Figure 6 shows the top 10 industries in the county by average annual wages and earnings in 2016.

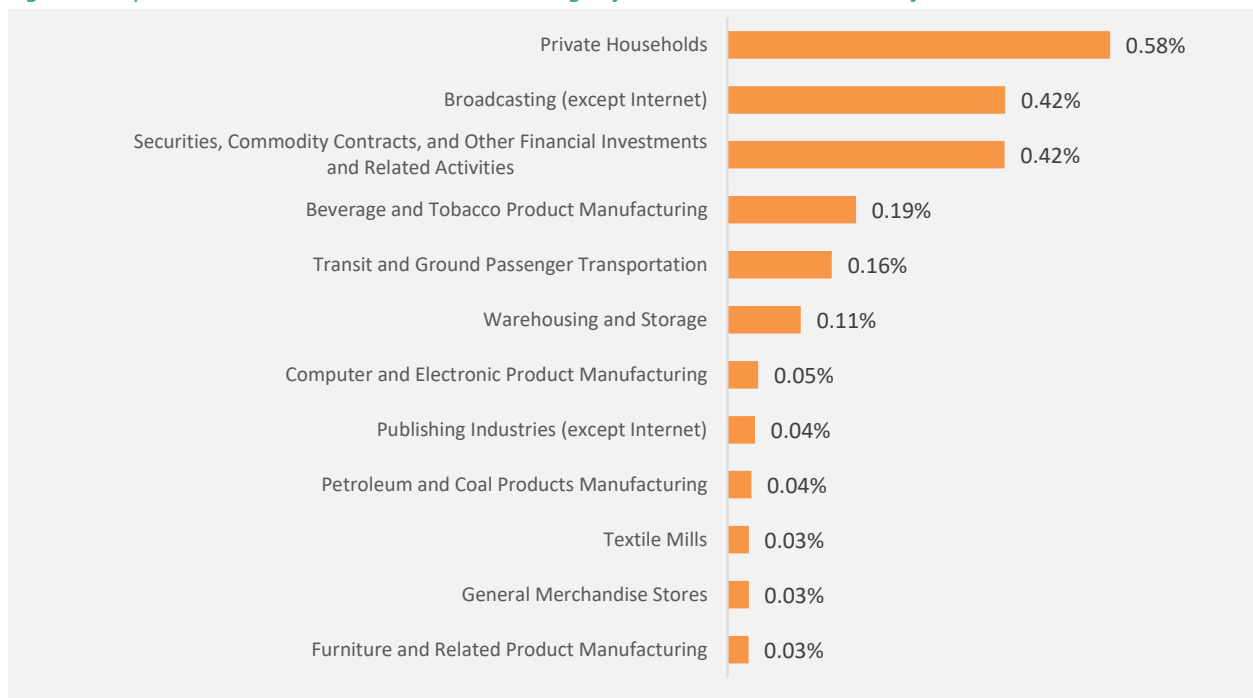
Figure 6: Top Ten Industries in Hartford County by Average Annual Wages and Earnings



(Source: Emsi)

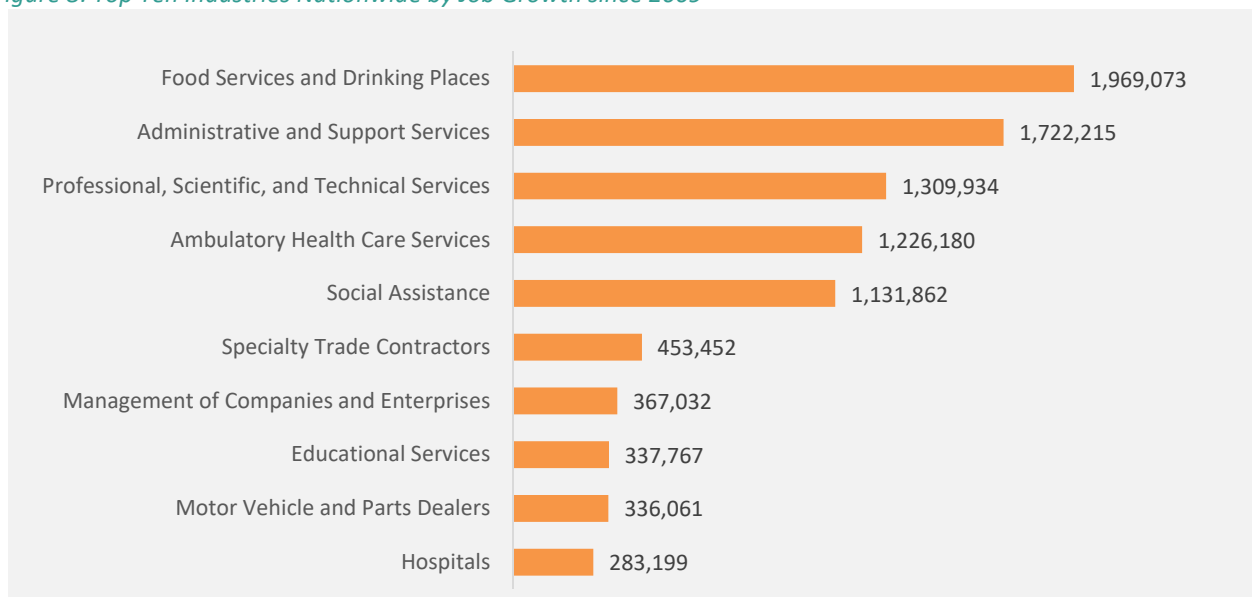
National Trends. It is also useful to analyze national employment trends in order to understand larger economic changes that may affect the regional economy and which Manchester could use to its advantage to grow its economy. Overall national growth or decline of an industry will likely affect the region, so incorporating the direction of the industry’s shares of national employment (Figure 7) and whether the industry’s national employment growth (Figure 8) is outpacing that of the U.S. overall helps identify industries that Manchester should target.

Figure 7: Top Ten Industries Nationwide as Percentage of Total Increase in U.S. Jobs from 2009-2016



(Source: Emsi)

Figure 8: Top Ten Industries Nationwide by Job Growth since 2009



(Source: Emsi)

Results

Key Industries. The industry analysis matrix below provides a comprehensive illustration of each industry's performance. This analysis identified eight key industries that scored positively on at least five of the seven previously described criteria (Table 1). The complete industry analysis matrix can be found in Appendix C.

Table 1: Industry Analysis Matrix

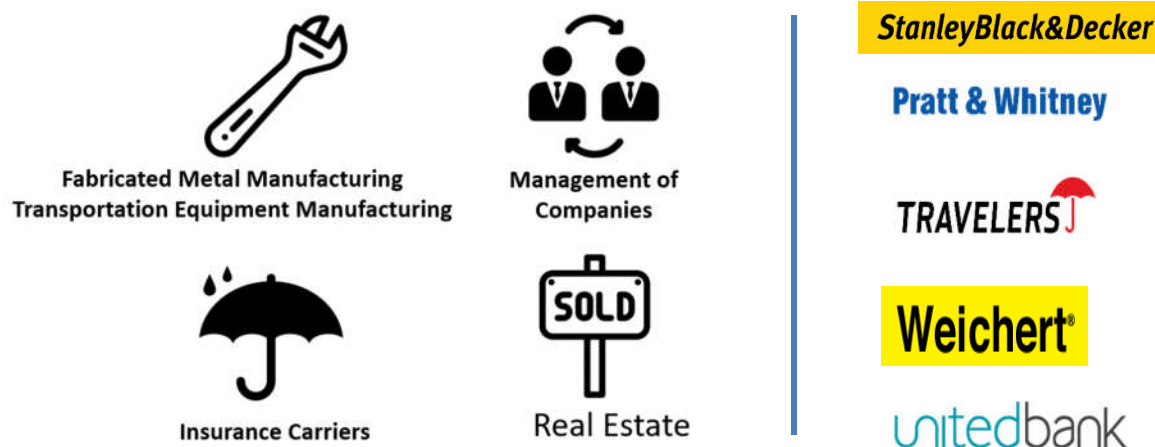
	NAICS Code	Industry Title	LQ>1.1 (2016)	Segmentation	Recent U.S. Ind Growth > U.S. Avg	U.S. Share Increase 09-16	Employment Multiplier > Average	Income Multiplier > Average	Industry Wage > State Average	Sum
Strong presence yet slowing growth	332	Fabricated Metal Product Manufacturing	1		1		1	1	1	5
	336	Transportation Equipment Manufacturing	1		1		1	1	1	5
	524	Insurance Carriers and Related Activities	1		1		1	1	1	5
	531	Real Estate			1	1	1	1	1	5
	551	Management of Companies and Enterprises	1	1	1		1		1	5
Don't have strong presence but showing emerging signs of growing in the area	325	Chemical Manufacturing		1	1	1	1	1	1	6
Strong presence, continued potential for growth	515	Broadcasting (except Internet)	1	1		1	1	1	1	6
	523	Securities, Commodity Contracts, and Other Financial Investments and Related Activities	1	1	1	1			1	5

Categorization. The key industries sharing similar features are further dissected into three groups. This practice helps better evaluate the potential of the industries in Manchester and to customize development strategy for each group. The categorization is explained in detail below.

Strong presence yet slowing growth: The industries with the following features are those with a strong presence yet slowing growth: being more concentrated in the region than the nation; having an industry segmentation as a current strength or emerging strength; showing an increase the industry's jobs as a portion of U.S. total jobs; having higher employment concentration; having positive growth in jobs paying higher wages; and adding more jobs than the U.S. average.

The industries fit in this category are: NAICS 332 Fabricated Metal Product Manufacturing; NAICS 336 Transportation Equipment Manufacturing; NAICS 524 Insurance Carriers and Related Activities; NAICS 531 Real Estate; and NAICS 551 Management of Companies and Enterprises. Over 100 companies within these two industries fit into this category, and more than a handful of them have more than 100 employees. Examples of companies in the state in these industries are Pratt and Whitney, headquartered in Easy Hartford, and Stanley Black and Decker, Inc., headquartered in New Britain.

Figure 9: Key Industries That Have Strong Presence yet Slowing Growth



The industries showing emerging signs of growing: The industries that outperformed the industry's national performance in most of the categories except being less concentrated in the region than the nation (i.e. a location quotient less than 1.1) were defined as *don't have strong presence but showing strong potential for growth*. Given the right support, they are highly likely to expand their share in the local economy, creating more job opportunities and paying higher wages.

Figure 10: Key Industries Showing Emerging Signs of Growing



One industry is identified as showing strong emerging signs of growing in the area. NAICS 325 Chemical Engineering. One major regional employer within the industry is Henkel Consumer Goods in Rocky Hill.

The industries that have strong presence, continued potential for growth: The industries that outperformed the industry's national performance in most of the criteria except having less than average employment multipliers and income multipliers are categorized as *have strong presence and continued potential for growth*. This category includes two industries: NAICS 515 Broadcasting (except Internet) and NAICS 523 Securities, Commodity Contracts, and Other Financial Investments and Related Activities. The major employers within this industry in the state are ESPN in Bristol and Fidelity in West Hartford.

Figure 11: Key Industries Showing Emerging Signs of Growing

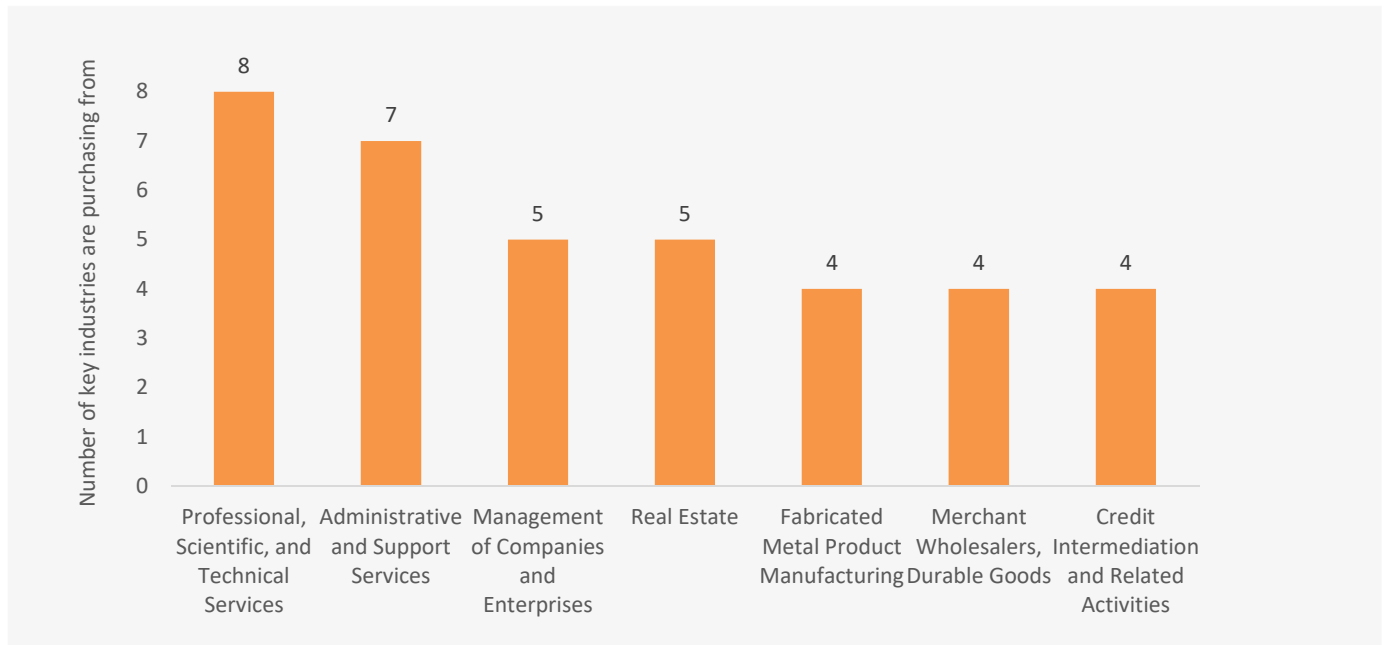


Supply Chain Analysis

Objective and Methodology

This analysis identifies the "backbone" industries that provided the most product and service support for the eight key industries. This was done by identifying industries that appeared repeatedly as top-ten suppliers for each target industry and then calculating their supply volumes from the target industries within and outside of the area. The results are illustrated in Figure 12.

Figure 12: Top Suppliers of the Key Industries



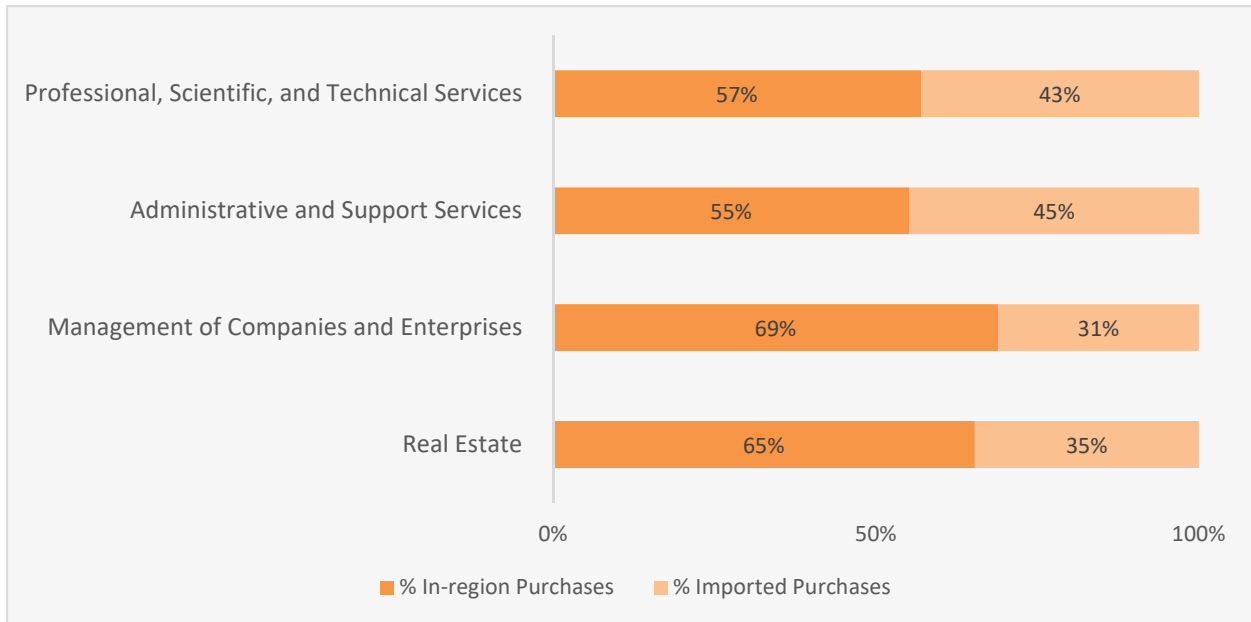
Results

The analysis reveals that Professional, Scientific, and Technical Services (NAICS 541) is a top-ten supplier for all target industries. On average, the target industries spent 57.7% in this category locally and 42.3% in this category out-of-region (\$1,052 million versus \$794 million, respectively).

Administrative and Support Services (NAICS 561) is also a significant piece of the supply chain in the region, since it was a top-ten supplier for seven out of eight target industries. On average, the target industries spent 54.2% in this category locally and 45.8% in this category out-of-region (\$877 million versus \$712 million, respectively).

Real Estate (NAICS 531) and Management of Companies and Enterprises (NAICS 551) each ranked as a top-ten supplier for five out of eight target industries. For Real Estate, on average, the target industries spent 65.3% locally and 34.7% in this category out-of-region (\$641 million versus \$340 million, respectively). For Management of Companies and Enterprises, on average, the target industries spent 69% locally and 31% in this category out-of-region (\$799 million versus \$359 million, respectively).

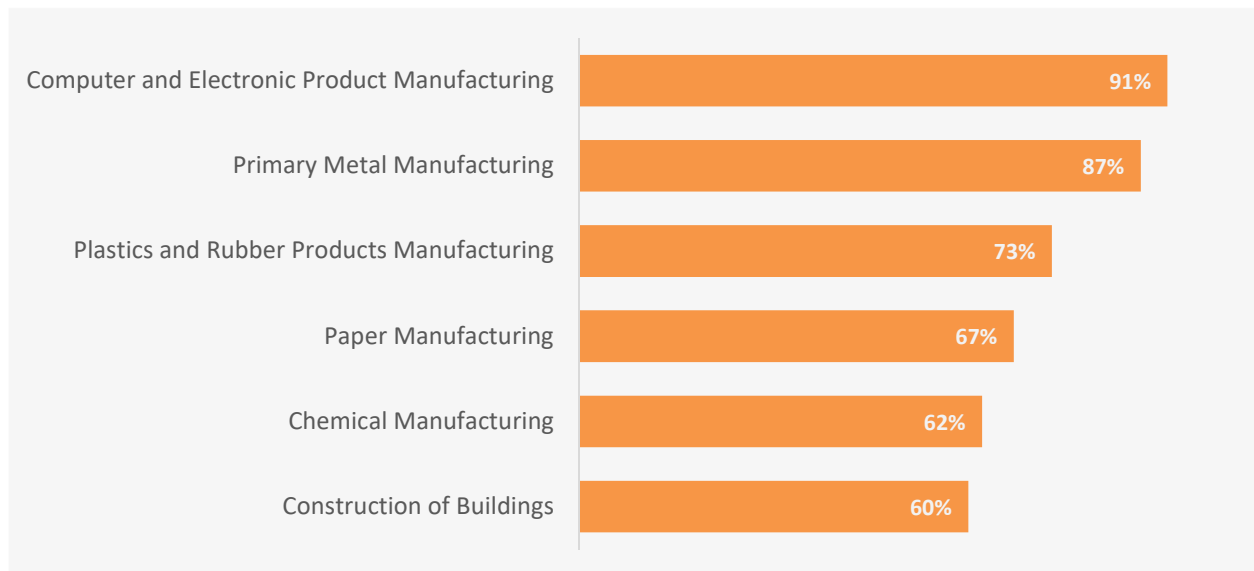
Figure 13: In-region versus Out-of-region Purchases from Highly In-demand Industries



This analysis identifies opportunities to develop complementary capabilities across industries. Further strengthening these "backbone" industries locally would strengthen existing demand and further attract and support target industries for further development.

The analysis also identified the top out-of-region purchases, i.e., the industries in which the greatest share of purchasing is from outside the region. As suggested by Figure 14, much of the manufacturing in Hartford County sources its purchases from outside the region. In addition, Real Estate also outsources 60% of Construction of Buildings to non-Hartford County companies.

Figure 14: Top Out-of-region Purchases



Conclusion

The key industries in the matrix are categorized into three main categories based on calculated total score from the industry analysis matrix: industries with strong local presence yet slowing growth, industries that don't have strong presence but showing emerging signs of growing in the area, and industries with strong local presence and continued potential for growth.

Overall, five industries displayed strong local presence yet slowing growth in the industry analysis:

- NAICS 332 Fabricated Metal Product Manufacturing
- NAICS 336 Transportation Equipment Manufacturing
- NAICS 524 Insurance Carriers and Related Activities
- NAICS 531 Real Estate
- NAICS 551 Management of Companies and Enterprises

These are the industries that have seen increasing employment concentration over the years, having added at least 100 jobs in the past six years, show a positive competitive advantage yet didn't show any emerging growth in the segmentation analysis.

According to the Manchester 2020 Plan, participants in the planning process expressed a desire to attract developing industries like green and bio-technology, information and innovation technology, and electronics. Some industries were segmented as an "emerging strength" in the segmentation analysis but were not among the final focused list. NAICS 541 Professional, Scientific, and Technical Services, NAICS 621 Ambulatory Health Care Services, and NAICS 334 Computer and Electronic Product Manufacturing are among these industries, but they echo the desire of the 2020 Plan participants.

Chemical Manufacturing (NAICS 325) was the only industry that does not have strong local presence but showing emerging signs of growing in the area, as reflected by an employment concentration lower than the U.S average.

Last but not least, two industries are identified as having strong local presence and continued potential for growth: NAICS 515 Broadcasting (except Internet) and NAICS 523 Securities, Commodity Contracts, and Other Financial Investments and Related Activities. These are the industries that should be able to take a larger share in the local economy, create more job opportunities, and pay better compared to national levels.

In order to assist these industries to continue to thrive or even spur their further growth, Manchester should assess the needs of these industries as they grow, including anticipated real estate, infrastructure, workforce, or other needs. Town officials can then evaluate how well-positioned Manchester is to continue to meet the needs of these industries and how the Town can provide strategic support to continue to make Manchester attractive.

A supplementary supply chain analysis reveals that all the identified key industries from the industry analysis are heavily dependent on NAICS 541 Professional, Scientific, and Technical Services, NAICS 561 Administrative and Support Services, NAICS 551 Management of Companies and Enterprises, and NAICS 531 Real Estate. Approximately half of the purchase from these industries are from within the region. However,

at least 60% of purchase from the following industries are out-of-region:

- NAICS 334 Computer and Electronic Product Manufacturing
- NAICS 331 Primary Metal Manufacturing
- NAICS 326 Plastics and Rubber Products Manufacturing
- NAICS 322 Paper Manufacturing
- NAICS 325 Chemical Manufacturing
- NAICS 236 Construction of Buildings

The result of the supply chain analysis aligns well with the industry analysis. It aids to capture a more accurate picture of the industries that Manchester needs to pay attention to nourish and grow locally.

Appendix A Location Quotients

NAICS	Description	2009 LQ	2016 LQ
111	Crop Production	0.59	0.41
112	Animal Production and Aquaculture	0.06	0.03
113	Forestry and Logging	0.00	0.03
114	Fishing, Hunting and Trapping	0.00	0.00
115	Support Activities for Agriculture and Forestry	0.03	0.03
211	Oil and Gas Extraction	0.00	0.00
212	Mining (except Oil and Gas)	0.10	0.07
213	Support Activities for Mining	0.00	0.02
221	Utilities	0.60	0.39
236	Construction of Buildings	0.49	0.51
237	Heavy and Civil Engineering Construction	0.51	0.54
238	Specialty Trade Contractors	0.79	0.82
311	Food Manufacturing	0.42	0.42
312	Beverage and Tobacco Product Manufacturing	0.30	0.86
313	Textile Mills	0.10	0.19
314	Textile Product Mills	0.33	0.33
315	Apparel Manufacturing	0.06	0.05
316	Leather and Allied Product Manufacturing	0.00	0.04
321	Wood Product Manufacturing	0.22	0.20
322	Paper Manufacturing	0.69	0.65
323	Printing and Related Support Activities	1.19	1.22
324	Petroleum and Coal Products Manufacturing	0.26	0.37
325	Chemical Manufacturing	0.41	0.48
326	Plastics and Rubber Products Manufacturing	0.56	0.41
327	Nonmetallic Mineral Product Manufacturing	0.30	0.30

NAICS	Description	2009 LQ	2016 LQ
331	Primary Metal Manufacturing	0.49	0.47
332	Fabricated Metal Product Manufacturing	2.55	2.50
333	Machinery Manufacturing	1.54	1.15
334	Computer and Electronic Product Manufacturing	0.45	0.61
335	Electrical Equipment, Appliance, and Component Manufacturing	1.84	1.58
336	Transportation Equipment Manufacturing	3.59	2.88
337	Furniture and Related Product Manufacturing	0.86	1.00
339	Miscellaneous Manufacturing	0.88	0.75
423	Merchant Wholesalers, Durable Goods	1.02	0.99
424	Merchant Wholesalers, Nondurable Goods	0.91	0.80
425	Wholesale Electronic Markets and Agents and Brokers	0.63	0.67
441	Motor Vehicle and Parts Dealers	0.82	0.80
442	Furniture and Home Furnishings Stores	1.10	1.12
443	Electronics and Appliance Stores	1.15	0.98
444	Building Material and Garden Equipment and Supplies Dealers	0.87	0.90
445	Food and Beverage Stores	1.03	1.04
446	Health and Personal Care Stores	0.97	1.04
447	Gasoline Stations	0.40	0.40
448	Clothing and Clothing Accessories Stores	1.08	0.95
451	Sporting Goods, Hobby, Musical Instrument, and Book Stores	1.17	1.05
452	General Merchandise Stores	0.62	0.75
453	Miscellaneous Store Retailers	0.79	0.83
454	Nonstore Retailers	0.80	0.59
481	Air Transportation	0.56	0.26
482	Rail Transportation	0.00	0.00

NAICS	Description	2009 LQ	2016 LQ
483	Water Transportation	0.01	0.00
484	Truck Transportation	0.42	0.46
485	Transit and Ground Passenger Transportation	2.17	2.74
486	Pipeline Transportation	0.11	0.04
487	Scenic and Sightseeing Transportation	0.10	0.10
488	Support Activities for Transportation	0.55	0.49
491	Postal Service	0.68	0.12
492	Couriers and Messengers	1.17	1.18
493	Warehousing and Storage	1.49	1.88
511	Publishing Industries (except Internet)	0.75	0.91
512	Motion Picture and Sound Recording Industries	0.41	0.40
515	Broadcasting (except Internet)	3.45	4.83
517	Telecommunications	0.73	0.77
518	Data Processing, Hosting, and Related Services	1.34	0.72
519	Other Information Services	0.53	0.29
521	Monetary Authorities-Central Bank	0.17	0.00
522	Credit Intermediation and Related Activities	0.79	0.74
523	Securities, Commodity Contracts, and Other Financial Investments and Related Activities	0.72	1.94
524	Insurance Carriers and Related Activities	5.34	4.61
525	Funds, Trusts, and Other Financial Vehicles	9.12	0.00
531	Real Estate	0.80	0.85
532	Rental and Leasing Services	0.73	0.64
533	Lessors of Nonfinancial Intangible Assets (except Copyrighted Works)	0.31	0.21
541	Professional, Scientific, and Technical Services	0.91	1.01
551	Management of Companies and Enterprises	1.29	1.35

NAICS	Description	2009 LQ	2016 LQ
561	Administrative and Support Services	0.82	0.83
562	Waste Management and Remediation Services	1.40	1.14
611	Educational Services	1.12	1.09
621	Ambulatory Health Care Services	1.01	1.08
622	Hospitals	1.03	0.96
623	Nursing and Residential Care Facilities	1.48	1.52
624	Social Assistance	1.45	1.16
711	Performing Arts, Spectator Sports, and Related Industries	0.61	0.73
712	Museums, Historical Sites, and Similar Institutions	1.33	1.12
713	Amusement, Gambling, and Recreation Industries	0.77	0.83
721	Accommodation	0.41	0.42
722	Food Services and Drinking Places	0.78	0.77
811	Repair and Maintenance	0.94	0.85
812	Personal and Laundry Services	0.99	1.04
813	Religious, Grantmaking, Civic, Professional, and Similar Organizations	1.03	1.02
814	Private Households	0.69	2.35
901	Federal Government	0.56	0.55
902	State Government	1.71	1.77
903	Local Government	0.65	0.70
999	Unclassified Industry	0.02	0.06

Industry Code	Industry Title	At least 1000 jobs in 2016	LQ > 1.1	Added 200 jobs from 09 to 16	positive competitive shift score	Current Strength	Emerging strength	Priority Retention Target
523	Securities, Commodity Contracts, and Other Financial Investments and Related Activities	1	1	1	1	Yes		
814	Private Households	1	1	1	1	Yes		
541	Professional, Scientific, and Technical Services	1		1	1		Yes	
515	Broadcasting (except Internet)	1	1	1	1	Yes		
452	General Merchandise Stores	1		1	1		Yes	
493	Warehousing and Storage	1	1	1	1	Yes		
485	Transit and Ground Passenger Transportation	1	1	1	1	Yes		
621	Ambulatory Health Care Services	1		1	1		Yes	
334	Computer and Electronic Product Manufacturing	1		1	1		Yes	
312	Beverage and Tobacco Product Manufacturing			1	1			
903	Local Government	1			1			
511	Publishing Industries (except Internet)	1			1			
325	Chemical Manufacturing	1			1			
711	Performing Arts, Spectator Sports, and Related Industries	1		1	1		Yes	
713	Amusement, Gambling, and Recreation Industries	1		1	1		Yes	
337	Furniture and Related Product Manufacturing	1			1			
484	Truck Transportation	1		1	1		Yes	
324	Petroleum and Coal Products Manufacturing				1			
999	Unclassified Industry				1			
313	Textile Mills				1			
446	Health and Personal Care Stores	1		1	1		Yes	

Industry Code	Industry Title	At least 1000 jobs in 2016	LQ > 1.1	Added 200 jobs from 09 to 16	positive competitive shift score	Current Strength	Emerging strength	Priority Retention Target
213	Support Activities for Mining				1			
812	Personal and Laundry Services	1		1	1		Yes	
531	Real Estate	1		1	1		Yes	
113	Forestry and Logging				1			
316	Leather and Allied Product Manufacturing				1			
237	Heavy and Civil Engineering Construction	1			1			
114	Fishing, Hunting and Trapping							
211	Oil and Gas Extraction							
482	Rail Transportation							
115	Support Activities for Agriculture and Forestry							
487	Scenic and Sightseeing Transportation							
483	Water Transportation							
314	Textile Product Mills							
517	Telecommunications	1						
315	Apparel Manufacturing							
425	Wholesale Electronic Markets and Agents and Brokers	1		1				
533	Assets (except Copyrighted Works)							
327	Nonmetallic Mineral Product Manufacturing							
521	Monetary Authorities-Central Bank							
486	Pipeline Transportation							
491	Postal Service							
212	Mining (except Oil and Gas)							

Industry Code	Industry Title	At least 1000 jobs in 2016	LQ > 1.1	Added 200 jobs from 09 to 16	positive competitive shift score	Current Strength	Emerging strength	Priority Retention Target
453	Miscellaneous Store Retailers	1						
112	Animal Production and Aquaculture							
321	Wood Product Manufacturing							
323	Printing and Related Support Activities	1	1					
512	Motion Picture and Sound Recording Industries							
331	Primary Metal Manufacturing							
236	Construction of Buildings	1						
442	Furniture and Home Furnishings Stores	1	1					
444	Building Material and Garden Equipment and Supplies Dealers	1		1				
447	Gasoline Stations	1						
551	Management of Companies and Enterprises	1	1	1				Yes
311	Food Manufacturing	1						
322	Paper Manufacturing							
492	Couriers and Messengers	1	1	1				Yes
721	Accommodation	1						
712	Museums, Historical Sites, and Similar Institutions		1					
238	Specialty Trade Contractors	1		1				
488	Support Activities for Transportation	1						
519	Other Information Services							
532	Rental and Leasing Services	1						
525	Funds, Trusts, and Other Financial Vehicles							
813	Professional, and Similar Organizations	1						

Industry Code	Industry Title	At least 1000 jobs in 2016	LQ > 1.1	Added 200 jobs from 09 to 16	positive competitive shift score	Current Strength	Emerging strength	Priority Retention Target
339	Miscellaneous Manufacturing	1						
901	Federal Government	1						
111	Crop Production							
451	Sporting Goods, Hobby, Musical Instrument, and Book Stores	1						
443	Electronics and Appliance Stores	1						
326	Plastics and Rubber Products Manufacturing	1						
441	Motor Vehicle and Parts Dealers	1		1				
221	Utilities							
562	Waste Management and Remediation Services	1	1					
454	Nonstore Retailers	1						
335	Electrical Equipment, Appliance, and Component Manufacturing	1	1					
623	Nursing and Residential Care Facilities	1	1	1				Yes
445	Food and Beverage Stores	1		1				
481	Air Transportation							
811	Repair and Maintenance	1						
902	State Government	1	1					
518	Data Processing, Hosting, and Related Services							
522	Credit Intermediation and Related Activities	1						
423	Merchant Wholesalers, Durable Goods	1						
611	Educational Services	1		1				
448	Clothing and Clothing Accessories Stores	1						
561	Administrative and Support Services	1		1				

Industry Code	Industry Title	At least 1000 jobs in 2016	LQ > 1.1	Added 200 jobs from 09 to 16	positive competitive shift score	Current Strength	Emerging strength	Priority Retention Target
332	Fabricated Metal Product Manufacturing	1	1					
424	Merchant Wholesalers, Nondurable Goods	1						
333	Machinery Manufacturing	1	1					
722	Food Services and Drinking Places	1		1				
622	Hospitals	1						
624	Social Assistance	1	1	1				Yes
336	Transportation Equipment Manufacturing	1	1					
524	Insurance Carriers and Related Activities	1	1					

Appendix C Industry Analysis Matrix

Industry Code	Industry Title	LQ>1.1 (2016)	Industry Segmentation	Recent U.S. Ind Growth > U.S. Avg	U.S. Share Increase 09-16	Employment Multiplier > Average	Income Multiplier > Average	Industry Wage > State Average	Sum
515	Broadcasting (except Internet)	1	1		1	1	1	1	6
531	Real Estate		1	1	1	1	1	1	6
325	Chemical Manufacturing			1	1	1	1	1	5
332	Fabricated Metal Product Manufacturing	1		1		1	1	1	5
336	Transportation Equipment Manufacturing	1		1		1	1	1	5
523	Securities, Commodity Contracts, and Other Financial Investments and Related Activities	1	1	1	1			1	5
524	Insurance Carriers and Related Activities	1		1		1	1	1	5
551	Management of Companies and Enterprises	1	1	1		1		1	5
237	Heavy and Civil Engineering Construction			1	1	1		1	4
312	Beverage and Tobacco Product Manufacturing			1	1	1	1		4
313	Textile Mills				1	1	1	1	4
324	Petroleum and Coal Products Manufacturing				1	1	1	1	4
333	Machinery Manufacturing	1		1		1		1	4
335	Electrical Equipment, Appliance, and Component Manufacturing	1		1		1		1	4
485	Transit and Ground Passenger Transportation	1	1	1	1				4
493	Warehousing and Storage	1	1	1	1				4
518	Data Processing, Hosting, and Related Services			1		1	1	1	4
541	Professional, Scientific, and Technical Services		1	1	1			1	4
562	Waste Management and Remediation Services	1		1		1	1		4
621	Ambulatory Health Care Services		1	1	1			1	4
902	State Government	1				1	1	1	4
221	Utilities					1	1	1	3
311	Food Manufacturing			1		1	1		3
316	Leather and Allied Product Manufacturing				1		1	1	3
322	Paper Manufacturing					1	1	1	3
326	Plastics and Rubber Products Manufacturing			1		1	1		3
331	Primary Metal Manufacturing			1		1	1		3
334	Computer and Electronic Product Manufacturing		1		1			1	3
337	Furniture and Related Product Manufacturing			1	1		1		3

Industry Code	Industry Title	LQ>1.1 (2016)	Industry Segmentation	Recent U.S. Ind Growth > U.S. Avg	U.S. Share Increase 09-16	Employment Multiplier > Average	Income Multiplier > Average	Industry Wage > State Average	Sum
423	Merchant Wholesalers, Durable Goods			1		1		1	3
425	Wholesale Electronic Markets and Agents and Brokers			1		1		1	3
446	Health and Personal Care Stores		1	1	1				3
452	General Merchandise Stores		1	1	1				3
482	Rail Transportation			1		1	1		3
483	Water Transportation			1		1	1		3
484	Truck Transportation		1	1	1				3
486	Pipeline Transportation			1		1		1	3
492	Couriers and Messengers	1	1	1					3
511	Publishing Industries (except Internet)				1	1		1	3
517	Telecommunications					1	1	1	3
522	Credit Intermediation and Related Activities			1		1		1	3
623	Nursing and Residential Care Facilities	1	1	1					3
624	Social Assistance	1	1	1					3
711	Performing Arts, Spectator Sports, and Related Industries		1	1	1				3
713	Amusement, Gambling, and Recreation Industries		1	1	1				3
812	Personal and Laundry Services		1	1	1				3
814	Private Households	1	1		1				3
903	Local Government				1	1	1		3
112	Animal Production and Aquaculture			1			1		2
113	Forestry and Logging			1				1	2
212	Mining (except Oil and Gas)						1	1	2
213	Support Activities for Mining			1	1				2
236	Construction of Buildings			1				1	2
238	Specialty Trade Contractors			1				1	2
321	Wood Product Manufacturing			1			1		2
442	Furniture and Home Furnishings Stores	1		1					2
488	Support Activities for Transportation			1		1			2
491	Postal Service			1				1	2

Industry Code	Industry Title	LQ>1.1 (2016)	Industry Segmentation	Recent U.S. Ind Growth > U.S. Avg	U.S. Share Increase 09:16	Employment Multiplier > Average	Income Multiplier > Average	Industry Wage > State Average	Sum
525	Funds, Trusts, and Other Financial Vehicles					1	1		2
532	Rental and Leasing Services			1			1		2
533	Lessors of Nonfinancial Intangible Assets (except Copyrighted Works)					1	1		2
712	Museums, Historical Sites, and Similar Institutions	1		1					2
721	Accommodation			1			1		2
111	Crop Production			1					1
115	Support Activities for Agriculture and Forestry			1					1
211	Oil and Gas Extraction			1					1
315	Apparel Manufacturing						1		1
323	Printing and Related Support Activities	1							1
327	Nonmetallic Mineral Product Manufacturing			1					1
339	Miscellaneous Manufacturing			1					1
424	Merchant Wholesalers, Nondurable Goods			1					1
441	Motor Vehicle and Parts Dealers			1					1
443	Electronics and Appliance Stores			1					1
444	Building Material and Garden Equipment and Supplies Dealers			1					1
445	Food and Beverage Stores			1					1
447	Gasoline Stations			1					1
451	Sporting Goods, Hobby, Musical Instrument, and Book Stores			1					1
453	Miscellaneous Store Retailers			1					1
454	Nonstore Retailers			1					1
481	Air Transportation			1					1
487	Scenic and Sightseeing Transportation			1					1
512	Motion Picture and Sound Recording Industries			1					1
519	Other Information Services			1					1
561	Administrative and Support Services			1					1
611	Educational Services			1					1
622	Hospitals			1					1
722	Food Services and Drinking Places			1					1

Industry Code	Industry Title	LQ>1.1 (2016)	Industry Segmentation	Recent U.S. Ind Growth > U.S. Avg	U.S. Share Increase 09:16	Employment Multiplier > Average	Income Multiplier > Average	Industry Wage > State Average	Sum
811	Repair and Maintenance			1					1
813	Religious, Grantmaking, Civic, Professional, and Similar Organizations			1					1
901	Federal Government							1	1
114	Fishing, Hunting and Trapping								0
314	Textile Product Mills								0
448	Clothing and Clothing Accessories Stores								0



Phase 4: Business Retention & Recruitment Strategy

Prepared for Town of Manchester
Prepared by Connecticut Economic Resource Center, Inc.

September 2018



Connecticut
Economic
Resource Center



Collaboration at work



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The Connecticut Economic Resource Center, Inc. (CERC) is a nonprofit corporation and public-private partnership that drives economic development in Connecticut by providing research-based data, planning and implementation strategies to foster business formation, recruitment and growth. CERC has proven and relevant expertise providing clients with the knowledge and insight they need to gain a competitive advantage. CERC is a pioneer in the development of programs, technologies and capabilities to support effective economic development and offers a complete range of services from economic impact analysis, strategic planning, data gathering and communications, to outreach, site selection and business assistance. CERC has earned a reputation for excellence in Connecticut's economic development community through our accomplished, professional staff, commitment to customer service, and connection to a network of strategic partners.

BACKGROUND

The Town of Manchester asked CERC to provide economic development services to strategically grow its commercial tax base. Over the past year, CERC has worked closely with the Economic Development Commission and town staff to conduct an industry analysis, provide a “Fundamentals of Economic Development” workshop, prepare a summary of financing and economic development funding tools and culminate this project in a “road map” for effective and attainable business retention and attraction goals and actions.

FOCUS GROUP/INTERVIEW KEY THEMES

Understanding perceptions of Manchester and putting it all together.

CERC staff conducted a large focus group in May, 2018 to determine the local business attitudes and perceptions about the Town. CERC followed this up with three key business interviews in June, 2018 which provided further qualitative data for the strategy. Successful economic development strategy development must include a combination of qualitative and quantitative approaches. Drawing on the focus group, the interviews and the completed industry analysis and funding tools summary, the strategy articulates a cohesive set of achievable economic development actions that build on Manchester’s strengths, takes advantage of opportunities and addresses local and common challenges

STRENGTHS

- **Central Location/Access**
Many participants in the focus group and interviews noted that Manchester’s location in the Hartford region is ideal as it is easily accessible by several highways and serves as a central point on the east side of the river. One participant said, “we are the go-to place for small towns east of us.” Use that strength in all marketing efforts within the region.
- **Affordable-housing and business**
Manchester offers a diverse set of housing options and related amenities especially attractive to young professionals, UCONN graduates and staff, and young families who seek urban?/small city living or starter homes. Participants noted that it is affordable to start a business and lease office space as well. Studies show that our younger generation is looking to live and start businesses in safe, affordable and walkable communities with transportation options. A recent article published by

CityLab notes, “Two public opinion polls came out in the last month suggesting the kinds of places Millennials like. Spoiler alert: it’s Boston, New York, San Francisco, and Chicago, as well as communities such as...Boulder and Austin. The key characteristics seem to be walkability, good schools and parks, and the availability of multiple transportation options.”

- **Town development staff is helpful , approachable, pro-active, and work together well**

Many interviewed specifically stated that the land use and development staff is easy to work with and does a good job collaborating with other town departments as well as with the Special Services District, the mall and local businesses. One property owner mentioned that, although at one point they had a negative experience with the building inspectors, “now I have a great relationship with the building inspectors; they are welcoming and helpful”. Another said, “our active economic development and zoning and building departments are helping us get things done”. Others emphasized that they are seeing town improvements and the permitting process is easier to navigate. The Town should continue to emphasize this improved reputation and the fact that the town stands out from surrounding towns because of its customer-service friendly approach to starting and growing a business. Use testimonials from local business owners and developers to reinforce the message.

- **Retail in town: malls and Main St-both community gathering places but serve different purposes and don’t compete**

Business and property owners town-wide recognize the strength of the local business community and also understand that the types of experiences Buckland Hills provides is very different from the experience Main Street provides, which provides a competitive advantage. Since they are not in direct competition for stores nor for shoppers, they can work together to point visitors to other commercial districts in town. This is a unique attribute for Manchester (“we have it all”) and should be emphasized in marketing efforts.

- **“We have what we need here”/unique character/“we don’t want to be West Hartford”/Authentic, New England charm**

Overwhelmingly, respondents want to maintain and even enhance the unique character that Manchester has. Participants spoke about New England charm, the walkable downtown, and the community pride that shows through community events and celebrations. One said, “all the amenities we need are here”. Authenticity

is something that towns around the country strive for and Manchester is fortunate to have due to both historical reasons and concerted public policy efforts over time . Supporting local business that meets the needs of local residents and seeking new unique retail that complements what already exists will help to retain that charm and, as one participant called it, “old school feel”. Nationwide, millennials as well as retirees are looking for urban, walkable neighborhoods and mixed-use centers where they can easily live, work and shop.

- **Downtown Special Services District allows for co-promotion, cleanliness, etc**
The Downtown Special Services District serves as a unique funding mechanism for the downtown where property owners contribute funds toward the joint promotion and “look and feel” of the Main Street area.

Just as CERC provided some other economic development funding tools in Phase 3 of the project, considering a Tax Increment Financing district downtown may further enhance the Town’s ability to improve this corridor with infrastructure or streetscape/rehabilitation type investments.

- **Diversity-of people, of restaurants and businesses**
Manchester business and property owners are excited about the diversity in town and hope to take advantage of it as new demographics bring in a greater mix of retail and restaurant offerings. These new businesses will serve the current population as well as potentially attract newcomers. They also contribute to the authenticity of Manchester and reflect its diverse population.
- **Real community feel- business owners can easily get involved and there is a lot going on-community pride**
It is clear that Manchester businesses and residents are engaged in the community. Property owners noted that it is easy to get involved and there are several different ways to do so including the Chamber of Commerce and a downtown property owner’s group, through the Downtown Special Services District events and governing body and through sponsorships and participating in events downtown. Consider encouraging other industries (manufacturing, auto dealers, etc) to participate in community events helping them gain exposure and showing current residents that Manchester boasts other strong industries beyond retail.

RECOMMENDATIONS

All of the strengths noted above help to establish the unique character of Manchester which is critical to maintain as the Economic Development team continues to retain and attract the businesses that will stay and thrive. **Marketing these competitive advantages** is one important way for those in the region and even those outside Connecticut to understand what makes Manchester unique and why businesses should consider locating there. Some Connecticut towns with strong websites and social media presence include: West Haven, Norwalk and West Hartford. Exploring those and partnering with CERC for additional marketing expertise will help Manchester stay top-of-mind and promote its competitive advantages. Board of Education initiatives to improve the school system should be incorporated as part of the overall marketing efforts.

Continuing to **understand the current and future housing needs of the region** will also allow Manchester to attract people to live and work locally by **approving the types of development proposals that match that need**. This will likely include multi-family and rental options to serve the entire population.

Capgemini reports “So far we’ve discovered that about 1/3 of millennials live at home, but the millennials who *are* buying houses are making up 34% of the market. Let’s not forget another category of housing; renting. It turns out that in 2017 a millennial who headed their own household had a 65% chance of renting. What this all means is that when millennials do leave their parents’ house, they’re mostly renting. But for those who do choose to buy a house have enough capital to seize 1/3 of the market.

The expertise and professionalism of town staff is important and not something to take for granted. Many communities would like to have the kinds of “customer satisfaction” ratings that Manchester town staff received in the focus groups and interviews. The EDC members did identify the need for a permit coordinator or a similar position to function as a liaison of sorts, especially with small businesses. **Continue to hire and promote town staff that meets the high-quality performance that current staff reflects.**

Consider building on the strength of the established Special Services District to understand if there are further **economic tools to implement (like TIF or Historic Preservation grants) to maintain and enhance infrastructure and maintenance in the downtown, on Broad Street or in the surrounding areas.**

Encourage the Buckland Hills retail area (including the mall manager) and the downtown management to work together to further define the difference between the two popular retail corridors while also promoting each other so that shoppers in each location understand the full array of retail offerings in town. Clinton has a large outlet center as well as a quaint downtown. Their EDC creates and places banners and large signage at the outlet center pointing out the downtown offerings. The Hampton Inn in Manchester, located in Buckland Hills, also points visitors to downtown Manchester retail and restaurants in addition to those immediately surrounding the hotel.

Celebrate Manchester's diversity by **continuing the tradition of fun events and celebrations throughout the year**. Highlight the new restaurants and businesses so the diversity and authenticity remains strong. The legacy events like Cruisin' on Main and the Manchester Road Race could be promoted regionally and beyond to attract more visitors. Woodbury and Putnam are two Connecticut communities that have recently implemented additional marketing activity to broaden support for existing events: in particular, the Antiques Trail in Woodbury and the First Friday event in Putnam. These towns know that people come into town for the event and encourage those visitors to stay and visit additional retail, restaurants, and historic attractions. Infrastructure improvements have been completed and new retail has been developed in response to these promotional efforts.

OPPORTUNITIES

- **Better publicize the process-especially for small/start-up business**
There was clear feedback that the land-use regulatory process could be better publicized and communicated to applicants who propose developments and investments in Manchester. One focus group participant noted, "without familiarity of the process, it has been harder to get things done". Small businesses especially emphasized better publicizing the resources available to them through SBA/SBDC, CERC and other organizations.

The EDC could help navigate and communicate resources, the process and community assets. The commission could play a meaningful role in establishing a business resource guide and improving a process document that outlines the requirements, meetings, costs and other key information for prospective developers navigating the local regulatory process. One participant called this a "concierge for the development process". Process documents have been established but could use

more graphics and an “easy to follow” format. Other Connecticut towns that are meeting with applicants up-front and walking them through these clear and easy graphical process flow charts are doing well on the “customer satisfaction” levels.

Additionally, it was recommended that town staff and EDC undertake an “asset mapping” exercise to document Manchester’s local and regional assets. This can be used for marketing and business attraction efforts.

- **Ensure zoning regulations match the type of development the town wants to attract**

As noted in the Phase 3 chapter on economic development funding tools, the Town should review and update zoning regulations in partnership with the staff and commissioners to explicitly designate zones that allow for the type of desired development in the appropriate sections of town. This lets the business community as well as commercial real estate professionals understand where they may locate and what those zoning designations offer. Consider the new types of businesses (food trucks, makerspaces, hydroponics, etc) that most towns have not yet reflected in their zoning regulations. Manchester may want to add to the regulations in order to strengthen its appeal.

- **Coordination and communication between Town, Special Services District, Chamber of Commerce, and Buckland Hills management**

Respondents were excited about the quality of restaurants and retail options downtown. One noted, these are “not things you find in the mall” which is important as it shows the two retail areas are not competing, but rather complementing each other. But another observed, “folks come to the mall but don’t know about downtown”. To that end, communication on both ends (and with town staff) is critical to the continued success and growth of the retail industry in Manchester. Retail is clearly recognized as a strong local industry and effective partnering by the parties can maintain its strength.

- **Security perceptions/blight/code enforcement**

“Be welcoming but enforce the codes” was a common refrain in the focus group and interviews. One respondent said it best when he stated, “there is a lot in Manchester’s favor: a younger population, diversity, affordable housing stock...but it is critical that our safety and blight perceptions are locked up.”

A community police presence like the one in Manchester can help turn negative perceptions when the public safety officers are friendly and approachable and genuinely invest in getting to know the neighborhood. Consider asking the community officers to meet pro-actively with the neighborhoods on a regular basis and report on what activity the police and the blight inspector are taking.

Enforcing blight and encouraging property owners to invest in their properties with façade improvement grants and loans also further the effort to erase negative perceptions of safety in key neighborhoods. One property owner in the downtown simply summarized it by saying, “I would like to see more blight enforcement; it could be much stricter.” It is helpful to have the blight inspector explain exactly what constitutes blight so that the neighbors understand the limits that the regulation has and its difficulty to enforce.

As noted in the Phase 3 chapter on economic development funding tools, the Town’s ability to continue to invest in infrastructure (through grants or capital funding allocations) will also help indirectly encourage property owners to make investments to their properties.

- **Opportunities for Supply Chain based upon existing industry in region**

As noted in the Phase 1 industry analysis, Manchester is home to Timken Aerospace Transmissions, ACME, Paradigm Precision, and several other aerospace related manufacturers and is strategically located near Pratt & Whitney / UTC. Although this industry was characterized as “strong presence but slow growth” industries in the analysis, the opportunity for Manchester to continue to attract suppliers to these companies is worth pursuing. Town staff or commissioners could network with the professional associations within aerospace and could attend trade shows and networking events with the supply chain companies and their site selectors. This opportunity was reinforced through the interviews and focus group participants.

When seeking exposure in a professional association, it is important to join the mailing list and begin attending area events and networking opportunities. Aerospace Components Manufacturers is the critical association in the aerospace industry.

- **Growth opportunities in chemical/pharma manufacturing because of what already exists and location**

Like the suppliers to the aerospace industry, manufacturing, especially chemical/pharma manufacturing, was identified in the industry analysis as an industry with “emerging signs of growth”. This means that chemical/pharma manufacturing has strong potential for growth in Manchester and the region and, like the aerospace suppliers, could be attracted to locate in town through targeted networking with industry associations and attending events that bring together the key industry players with site selectors and other commercial real estate professionals. The industry is strong in New Haven and the associations in Connecticut include BIO CT and nationwide include PhRMA and American Pharmaceutical Manufacturers Association. Also, by getting to know decision-makers in the industry, the Town could evaluate its available commercial property to understand if it meets the needs of these companies and to potentially make zoning changes to allow for more of this type of development.

- **Strengthen strategic partnerships with anchor Institutions**

Manchester Community College and Manchester Memorial Hospital are the two major anchor institutions in town. The college can help address workforce needs and can be a good source of experts for business forums and educational opportunities for the business community. Get to know the new administration and explore ways to work together in service to the local businesses-maybe host a joint event or add liaisons to each of your decision-making teams. Colleges are also a great way to support entrepreneurs – perhaps ask some of the faculty to hold “office hours” so that your home-based and small businesses can access their expertise on a variety of topics.

The hospital is another strategic partner that should be actively engaged. The healthcare industry is one of the few still growing which makes the hospital a valuable employer as well as a potential partner in supporting local economic development efforts through its investments in the community. Engage with the decision-makers to understand what their future vision is and share the town’s vision so that potential investments and support can achieve both entities’ goals.

- **Tax incentives/abatements to encourage certain industries in certain parts of town**

As described in the Phase 3 chapter on economic development funding tools, and echoed by focus group participants, Manchester could encourage certain industries, especially those that have potential for growth in the region like broadcasting and financial, by offering tax abatements for real or personal property. Local tax incentives are governed by State statute but towns often require a certain level of investment and/or a certain number of jobs for a company to be eligible. Manchester has offered these in the past on a case-by-case basis. Reducing permit fees and expediting the permitting process are other local actions that encourage certain industries. The Town should consider a tax incentive policy that can be used for all prospective applicants and which is tied to those industries the town most wants to attract.

Several towns waive or reduce permit fees for specific industries and some also expedite the regulatory land-use process for specific industries or specific parcels they want developed.

- **Younger population**

- **Proximity to UCONN, Manchester Community College, Goodwin and Trinity as an asset-students, faculty and staff as residents, starter homes, young families**
- **How do we keep the families here once kids reach school age?**
- **Challenge: attraction of younger generation-through new uses like entertainment, restaurants, bars, experiences**

A younger population is certainly an asset in that Manchester is attracting graduates and faculty/staff from UCONN and young families, all of whom can contribute positively to the local tax base. Some business owners are thinking pro-actively about how to reach a younger demographic. For example, the owner of Mulberry Street is training his staff on wine and considering a bar addition to his successful restaurant. He also mentioned advertising more at UCONN to take advantage of the proximity and draw even more students to Manchester.

The mall manager also mentioned pursuing new bar and restaurant options as well as experiential and entertainment offerings (gym, microbrewery) to draw millennials. The mall manager noted that retail is changing and it is important for his staff to “recognize that online shopping” is prevalent. Thus, his team is working on ways to better serve the technology needs of the younger generation that ultimately combine online and brick-and-mortar retail effectively,

Just as a previous recommendation noted, continuing to understand the current and future housing needs of Manchester's population will also allow the Town to attract and retain people to live and work locally by approving the types of development proposals that match that need.

The addition of transportation alternatives such as the "East of the River" plan for CT Fastrak will also be a positive influence on keeping younger people local, especially those that don't drive. The express buses in the Buckland Hills and Manchester Community College are a good start but the Town should continue to advocate for a downtown connection and a better connection to Storrs.

- **Industrial Park-does it need to be more modern?**

This comment came up from one of the business owners we interviewed (who is not currently located in the park). Referring back to the Phase 3 chapter on economic development funding tools, the Town may want to consider a Tax Increment Financing District or apply for a grant that targets brownfields or manufacturing (if/where relevant). The Town could also respond to the demand for high speed internet by creating a hub at the industrial park which would allow more businesses to be connected.

- **Keeping signature businesses local**

Businesses like Fuss and O'Neill, Bob's Discount Furniture, Highland Park Market, and Lydall were mentioned as "legacy businesses" or "institutions". These are the businesses on which to focus retention efforts. Be sure that members of the Town's economic development team are regularly engaging with the business leaders and decision-makers to understand their needs, their reasons for being in Manchester, what will continue to make them successful and any early indications of their ability to expand or their need to move or shrink their footprint in Manchester. As with all businesses in town, visits and events that allow them to network with community leaders are the key retention activities that staff and Economic Development Commissioners can take.

- **Opportunity to serve home-based businesses and entrepreneurs**

One of the property owners interviewed leases out small office and retail space in downtown Manchester. He understands that entrepreneurs and small businesses expanding beyond their home or beyond WORK_SPACE could outgrow that space. Further, he hopes that companies in his space will thrive and grow beyond his

properties yet stay in town (moving to larger available commercial properties). Town staff and EDC members can be helpful in conducting targeted outreach to the home-based businesses and entrepreneurs to help them start and grow their business locally. Providing opportunities for networking and access to experts in the community (attorneys, accountants, IT specialists, etc) will provide valuable knowledge to the growing entrepreneurs and help support them in learning the “nuts and bolts” of starting and growing a business.

- **Convenient transportation options are critical**

In the focus group, discussion around transportation options did arise as an opportunity for the economic development team to advocate for and promote the options available to the residents and businesses in Manchester. Highway access and parking were the focus of most of the conversation but communicating other options like bus, train, bicycle and pedestrian alternatives will be important to the younger demographic and all those that seek alternatives to the car culture. The mall manager confirmed that “a convenient bus route is essential” for attracting the workforce needed in this large retail area of town, and owners of manufacturing businesses have seconded that desire anecdotally

- **Reliable workforce is critical**

The mall manager observed that, “our tenants struggle to keep a reliable workforce”. Although they do host job fair events to recruit for the holiday season, the retail industry in general does experience a high level of turnover. In other Manchester key industries, a reliable workforce is just as important. Convening Manchester Community College, Cheney Tech, and businesses seeking workers is one way to match the curriculum with the skillsets most needed by the companies. Holding regular cluster meetings with separate industry groups will help the Town support its business community in retaining a skilled workforce. An example of the cluster meetings is done effectively in Hamden where their economic developer brings together decision makers in each of the town’s key industries on an annual basis so that they can network with one another and receive key updates on Town activity as well as share their challenges and experiences so that the Town can help support the businesses and their growth. Some local aerospace companies have begun more in-house training to address the reliable workforce gap and the Town can help support and encourage more of that in other strong industries by hosting and/or attending these trainings, perhaps in partnership with Cheney Tech and the local highschools.

- **Industry recruitment**

For Phase 1 of this project, CERC conducted an analysis of industry trends in Hartford County in order to inform and guide this business retention and recruitment strategy. The industry analysis looked at trends and key characteristics for every industry in the region to determine which industries should be the focus of Manchester's economic development efforts. In order to ensure these industries continue to thrive and spur future growth, Manchester's economic development team (both staff and commissioners) should continue to assess their needs through visits and open communication and anticipate needs such as real estate and workforce. An event or marketing flyer to kick off this visit/retention work will allow businesses to prepare for the Town's outreach.

- **Be on the lookout for grants and other opportunities for state/federal funding to support these initiatives**

One participant noted the "high costs for developers to retrofit buildings for modern use". State and Federal grants can help offset these costs. Other towns have set up local funding (a revolving loan program or small grants) to fill the gap that traditional and even grant funding can't always fill. This is especially effective in regards to older building stock that needs retrofitting and modernization, which characterizes much of Manchester's existing stock.

- **2 Opportunity Zones**

With the recent addition of the Opportunity Zone program, Manchester can encourage investors to invest in a fund created to enhance the curb appeal on blighted properties.

The federal tax reform legislation passed earlier this year included provisions creating Opportunity Zones in over 8,700 communities nation-wide. US Treasury regulations have yet to be issued providing guidance to communities and fund developers, but preliminary regulations are expected in September 2018, with more comprehensive regulations expected in Spring of 2019.

This program allows investors to defer capital gains on the sale of appreciated assets if they are re-invested in Qualified Opportunity Funds(QOF). Any capital gain earned in the QOF investment is exempt from capital gains tax. Towns with Opportunity Zones need to be conscious about evaluating projects that might benefit from a QOF investment. Funds may be national in scope geared at certain

types of investment (affordable housing for example), or can be created simply to fund a specific project or company.

Opportunity Zones are one new tool in the economic developer's tool box but could bring billions in new investment into qualifying communities. They should be layered with other incentives, such as TIF Zones, to provide the best possible financing for the project and return to the investor in Downtown and on Broad Street. Manchester should evaluate projects with the goal of determining which might best fit the QOF Model.

NOW WHAT?

Economic development staff and commissioners can tackle these activities together to meaningfully improve business retention and recruitment efforts while maintaining the character of Manchester.

MARKETING:

- **Create marketing materials and content that emphasizes:**
 - central location
 - affordability to live and start a business
 - strong reputation for active economic development and getting projects through the process smoothly
 - “we have it all” (small eclectic downtown as well as large retail corridor)
 - diversity of industries
 - diversity of population, retail and restaurants
 - true community pride and easy to feel welcome
- **Promote signature events further than just the immediate region**
- **Strengthen social media presence**

FINANCING

- **Consider establishing Tax Increment Financing districts in key areas**
- **Take advantage of Opportunity Zones**
- **Invest in infrastructure improvements in local capital plan**
- **Establish tax incentives/abatements**
- **Apply for relevant grants**

BUSINESS ENGAGEMENT

- **Engage the business community through events, outreach and visits**
- **Get businesses involved in community events-participate and sponsor**
- **Create and host events to support entrepreneurs**
- **Have each retail center promote each other**
- **Join professional associations for major industries (aerospace and pharma)**
- **Consider upgrades to industrial park**
- **Engage industry clusters regularly**

LAND USE

- **Publicize the process in an “easy to digest” way**
- **Review zoning regulations to allow for new uses and ensure it meets the community’s future vision**
- **Continue to encourage diverse housing options**
- **Hire/appoint a permit coordinator**

COMMUNITY

- **Let the community know your blight prevention/neighborhood safety efforts**
- **Strengthen partnerships with anchor institutions**
- **Continue to advocate for transportation options**