

Economic Effects of Allens Avenue Businesses

Prepared for

Providence Working Waterfront Alliance

Prepared by

FXM Associates

June 2008

Executive Summary

Overview of Allens Avenue Business Activity

- ❖ The businesses collectively have been operating in Providence for an average of 63 years, ranging from 9 years to 115 years; four have been on Allens Avenue for more than 70 years.
- ❖ The majority of companies are private, locally-owned and family-operated businesses with a long-standing state presence in Rhode Island.
- ❖ Average annual business sales are reported at approximately \$294,000,000.
- ❖ Rhode Island-based business activity includes (2007):
 - Customers who account for more than \$140,000,000 in purchases
 - Suppliers who provide more than \$12,000,000 in mill items, paint, steel, etc.
 - Professional service firms that are paid about \$700,000 for legal, accounting, and marketing services
 - Subcontracts for specialized products, services, etc., totaled over \$2,000,000
- ❖ Annual payroll in 2007 was reported at \$20,025,000, with an average annual wage of \$54,831 per employee (full- and part-time)
 - Employer health insurance and other benefits to employees are more than \$2,275,000 per year, or \$6,120 on average per employee. Average hourly wages are \$26.
 - Total compensation per employee thus averages approximately \$60,000 per year
- ❖ The businesses employ 372 persons, of which 90% are full-time workers. Rhode Island residents comprise 65% of the workforce.
- ❖ Property taxes paid to the City of Providence totaled \$716,371 in 2007
- ❖ Sales taxes paid to the state were estimated at \$546,000¹
- ❖ Excise and other taxes and fees were estimated at \$4,227,000
- ❖ Recent capital investments (2004 to 2007) totaled more than \$30,000,000
- ❖ Costs to replace facilities, systems, and equipment for five of the businesses were estimated at \$126,000,000 excluding land, permits, engineering, and site preparation.

¹ The Rhode Island Marine Industrial Trade Incentive exempts state sales tax on boat sales, motors, service, and repairs on international trade vessels; FXM Associates interview with Joel and David Cohen, Promet (January 2008)

Total Direct, Indirect, and Induced Effects of Allens Avenue Businesses on Output, Jobs, Income, and Taxes in Rhode Island

Data in the following table show the results of the R/Econ Input Output Model's estimation of total direct, indirect, and induced effects of the selected Allens Avenue businesses on the economy of Rhode Island. Economic effects are shown in terms of Output, Jobs, Household Income, Local, State and Federal taxes contributed annually².

As shown by data in the table, the selected Allens Avenue businesses annually account for about \$324 million in business output within the State of Rhode Island, over 700 jobs, and nearly \$30 million in household income. Each year the State of Rhode Island receives nearly \$6 million in business and personal income, sales, and excise taxes, while local municipalities receive over \$2 million in business and residential property and excise taxes attributable directly and indirectly to the activities of Allens Avenue businesses.

Sketch Comparisons to Other Potential Land Uses - It may be instructive to compare the level of residential, retail, or hotel uses that would be required to achieve the employment and income generated by existing Allens Avenue businesses. Using average incomes and sales per employee in Rhode Island and per household expenditures for retail goods and services,³ it is possible to derive such hypothetical comparisons. For example, assuming all households who occupied condos or apartments potentially developed under the rezoning were *net new residents to Rhode Island* (a highly unlikely scenario since Rhode Island's population has been flat or decreasing over the past several years), and further assuming their average incomes were \$85,000 per household, it would take nearly 1,400 new households to generate enough spending to create the 370 direct jobs now attributable to Allens Avenue businesses. These jobs, which would be primarily in retail, would pay only about a third of the income that the direct jobs provided by existing Allens Avenue businesses now pay. To achieve an equivalent level of household income for Rhode Island residents to that now generated by existing Allens Avenue businesses would require, therefore, nearly 1,200 retail jobs. At roughly 700 square feet of retail space per employee on average, there would need to be over 800,000 square feet of new retail/restaurant uses to approximate the household income now directly provided by existing Allens Avenue businesses. *These new retail uses would need to be supported by about 4,900 new residents to Rhode Island so as not to simply divert spending away from existing local establishments.* Residential, retail, or hotel uses will **not** achieve the employment and income multipliers shown in the table for existing Allens Avenue businesses because few retail goods sold are produced in Rhode Island, and most chain hotels purchase their supplies from national vendors located out of state – thereby limiting their multiplier effects.

² *Direct Effects* are the proportion of direct spending by Allens Avenue businesses on goods and services produced in the State of Rhode Island. *Indirect Effects* are the value of goods and services needed to support those direct economic effects. *Induced Effects* are the value of goods and services needed by households that provide the direct and indirect labor. *Output* is roughly equivalent to GDP and includes an accounting for materials, labor, income, profit, dividends, interest and rent, and capital consumption allowances (depreciation). *Jobs* in the R/Econ IO Model are defined as roughly full-time equivalent employment (30 hours or more per week), and *Income* includes payroll and other income that accrues to households and that is directly and indirectly attributable to the Allens Avenue businesses.

³ Sources: *Claritas Site Reports*, US Consumer Expenditure Survey, and US Department of Commerce Regional Economic Information System (REIS)

Total Direct, Indirect and Induced Effects of Allens Avenue Businesses on the Rhode Island Economy

	Economic Component		
	Output (000 \$)	Employment (jobs)	Income (000\$)
I. TOTAL EFFECTS (Direct and Indirect/Induced)*			
Private			
1. Agriculture	16.8	0.5	2.5
2. Agri. Serv., Forestry, & Fish	43.9	1	21.6
3. Mining	71.2	0.5	24.6
4. Construction	29,993.1	109	6,464.0
5. Manufacturing	17,830.5	151	6,359.2
6. Transport. & Public Utilities	242,600.8	70	4,609.3
7. Wholesale	1,789.1	16	727.6
8. Retail Trade	4,291.3	94	1,577.2
9. Finance, Ins., & Real Estate	5,071.4	41	1,681.5
10. Services	21,963.5	232	8,103.1
Private Subtotal	323,671.7	715	29,570.6
Public			
11. Government	121.7	1	37.3
Total Effects (Private and Public)	323,793.4	716	29,607.9
II. DISTRIBUTION OF EFFECTS/MULTIPLIER			
1. Direct Effects	293,900.0	372	20,025.0
2. Indirect and Induced Effects	29,893.4	344	9,582.9
3. Total Effects	323,793.4	716	29,607.9
4. Multipliers (3/1)	1.102	1.925	1.479
III. TAX ACCOUNTS			
	Business	Household	Total
1. Income --Net of Taxes	26,827.5	26,647.1	
2. Taxes	9,974.8	6,525.7	16,500.5
a. Local	890.6	1,145.5	2,036.2
b. State	4,802.9	816.7	5,619.6
c. Federal	4,281.3	4,563.4	8,844.8
General	1,106.9	4,563.4	5,670.3
Social Security	3,174.4	0.0	3,174.4

Note: Detail may not sum to totals due to rounding.

*Terms:

Direct Effects --the proportion of direct spending on goods and services produced in the specified region.

Indirect Effects--the value of goods and services needed to support the provision of those direct economic effects.

Induced Effects--the value of goods and services needed by households that provide the direct and indirect labor.

Economic Effects of Allens Avenue Businesses

Prepared for

Providence Working Waterfront Alliance

Prepared by

FXM Associates

June 2008

CONTENTS

Section	Page
I. Introduction	3
A. Study Purpose and Background	3
B. Approach and Methodology	3
II. Planning Context	5
A. Rhode Island Marine Cluster Investment Agenda	6
B. Metro Bay Special Area Management Plan (SAMP)	7
C. Providence 2020 Comprehensive Plan	8
III. Existing Conditions	10
A. Providence River Harbor	10
B. Allens Avenue Business Profiles	11
C. Allens Avenue Business Activity	15
IV. Total Direct, Indirect, and Induced Effects of Allens Avenue Businesses on Output, Jobs, Income, and Taxes in Rhode Island	16
V. Additional Findings and Observations	18
A. Local and Regional Planning Considerations	18
B. Allens Avenue Corridor Attributes	21
C. Potential Allens Avenue Business Expansions	21
D. Recommendations	22
VI. Contacts and Interviews	24
VII. Reference Sources	25

I. Introduction

A. Study Purpose and Background Information

The Providence Working Waterfront Alliance (WWA) retained FXM Associates to prepare an assessment of the extent to which businesses located or primarily operating along Allens Avenue provide jobs, household income, business sales, and taxes within the Rhode Island economy. The study area includes establishments located on both sides of Allens Avenue from I-195 (north) to Thurbers Avenue (south).

The need for this study arose during the citywide planning process to update the City of Providence 1993 Comprehensive Plan, which culminated in the adoption of the document entitled *Providence Tomorrow: The Interim Comprehensive Plan* in December 2007.¹ The August 2007 draft plan and final Interim Comprehensive Plan documents both recommend changing the Allens Avenue waterfront and industrial zoning to meet "an increasing demand for commercial and tourist-related development such as hotels, restaurants and retail in this area."² On that basis, the study area includes businesses located on both sides of Allens Avenue and currently zoned for Waterfront District (east) and Heavy Industrial District (west) land uses.³ In concert with these recommended upland zoning changes, city officials have proposed modifying the RI Coastal Resources Management Council (CRMC) water use and activity designation for the waters adjacent to Allens Avenue from Type 6 Industrial Waterfronts and Commercial Navigation Channels to a designation that would allow marinas and recreational boating activity.⁴

B. Approach and Methodology

This report examines economic effects in terms of business output, employment, household income⁵, and taxes of a core group of water-dependent, industrial and specialized commercial businesses located within the central section of the Providence waterfront and within the boundaries defined as the area recommended for zoning changes in the 2020 Providence Interim Comprehensive Plan. The limited scope of this study acknowledges but does not analyze the broader issues of waterfront economic development affecting the City of Providence and statewide economies, nor does it address potential economic effects of alternative uses of the Allens Avenue industrial area explicit or implicit in the City's recommended land use changes. At the writing of this report no analysis of market-driven development potential for the

¹ *Providence Tomorrow: The Interim Comprehensive Plan* adopted by the Providence City Council and submitted to the Rhode Island Statewide Planning Program on December 11, 2007.

² *Ibid.*

³ Code of Ordinances, City of Providence, Rhode Island Chapter 27 Zoning Article I – General Provisions, Codified through Chapter 06-45, enacted October 13, 2006. (Supplement No. 75, Addition)

⁴ Metro Bay Special Area Management Plan (SAMP) Workshop Proceedings (May 2007)

⁵ *Output* is roughly equivalent to GDP and includes an accounting for materials, labor income, profit, dividends, interest and rent, and capital consumption allowances (depreciation). *Jobs* include full- and part-time employment, and *Income* includes payroll and other income that accrues to households.

residential, commercial, hotel, and other possible uses allowed by the proposed zoning changes has been put forward by the City of Providence or prospective private interests. Since the existing Allens Avenue businesses are already established elements of the city and state economies, an analysis of realistic market demand for other potential uses and the time period over which they might be absorbed is critical to any direct or indirect policy actions that might jeopardize the continued successful operation of existing businesses. There also has not been an assessment of potential economic and fiscal effects of such potential, market-driven development of other uses. We do note, however, in general terms, what level of retail and other commercial development would be required to achieve the economic effects generated by the sample Allens Avenue existing industrial and commercial uses.

FXM's analytic steps for this study included the following:

1. One-on-one interviews were conducted with WWA members as well other Allens Avenue business owners to obtain information on sales, expenditures, employment, payrolls, suppliers, customers, and other data relevant to this assessment of economic effects on the broader state economy. FXM senior staff also interviewed maritime industry experts, transportation providers, and city and state officials engaged in community and economic development planning. FXM completed over 25 interviews, a list of which is included at the end of this report. To protect the confidentiality of information provided by the private businesses interviewed, data in this report on revenues, wages, suppliers, customers, and other financially sensitive topics are aggregated for the Allens Avenue businesses participating in this study. FXM also reviewed relevant prior reports provided by the client, the City of Providence, the Rhode Island Coastal Resources Center, the State of Rhode Island, and other sources uncovered in the course of our research as identified in Section VII. of this report.
2. Using the profile of direct sales, jobs, payroll, location of suppliers and customers, location of employees, state and local taxes paid, and other information gathered from the interviews, FXM assessed total direct, indirect, and induced effects of Allens Avenue businesses on industry output, jobs, income, value added, and taxes statewide using the R/Econ Input Output model.⁶

Direct Effects are the proportion of direct spending by Allens Avenue businesses on goods and services produced in the State of Rhode Island. *Indirect Effects* are the value

⁶ Input Output models are used by professional and academic economic analysts to trace out the full range of effects (including indirect and induced) of business sales, employment, or income directly attributable to existing economic activities or planned new ones on single or multiple regions or states. The technique derives from the national income and product accounts which trace money flows within and between industries and sectors within the national economy, with adjustments made for the specific makeup of industries and wages and taxes within individual regions and states. R/Econ (formerly PCIO) was originally developed by the Regional Science Research Institute and has been in continued use for over 35 years. It is updated regularly by economists at the Center for Policy Analysis at Rutgers University and has been specifically updated for the Rhode Island economy for the purposes of this study. R/Econ is one of three widely used Input Output models in the US, the others being RIMS II (US Bureau of Economic Analysis) and IMPLAN (Minnesota IMPLAN Group).

of goods and services needed to support those direct economic effects. *Induced Effects* are the value of goods and services needed by households that provide the direct and indirect labor.

Output is roughly equivalent to GDP and includes an accounting for materials, labor, income, profit, dividends, interest and rent, and capital consumption allowances (depreciation). *Jobs* in the R/Econ Input Output Model are defined as roughly full-time equivalent employment (30 hours or more per week), and *Income* includes payroll and other income that accrues to households and that is directly and indirectly attributable to the Allens Avenue businesses. The R/Econ Input Output model results that will be shown for the State of Rhode Island that are attributable to the Allens Avenue businesses **do not** include output, jobs, or income that would be expected to accrue outside the Rhode Island economy.

II. Planning Context

Promoting Rhode Island's marine industries, major ports, and waterfront businesses has been a consistent and central theme of many state and regional economic development studies and programs. These state and regional planning efforts emphasize the need to retain, sustain, and facilitate expansion of the state's marine industrial sectors, port infrastructure improvements, and marine trades workforce development. Twenty-five years ago, the RI Coastal Resource Management Council (CRMC) recommended that the City of Providence prepare an analysis of industrial and commercial business conditions along Allens Avenue, and consider potential expansion of maritime industrial operations on the Providence waterfront.⁷ To date, there is no evidence that such a study was undertaken. During this study, FXM found no evidence of prior market studies pertaining to the Rhode Island marine industrial sectors. Several public officials contacted by FXM believed that the most recent investigation of waterfront business operations and market potential was the study conducted by the US Army Corps of Engineers (ACOE) to provide economic justification for a 20-year amortization of the \$45 million Providence River Harbor Dredge Project, which was completed in 2005.

There are several planning reports and economic development studies that have been commissioned by the City of Providence, regional planning agencies, and state legislative offices which examined various aspects of the Providence River Harbor. The following planning activities are relevant to current and future marine industrial business activity on Allens Avenue, as well as the long-range economic viability of the Port of Providence and its working waterfront.

⁷ *Providence Harbor: A Special Area Management Plan*, Sections 320.6b and 260.2b, Coastal Resources Management Council (November 1983)

A. Rhode Island Marine Cluster Investment Agenda

This statewide initiative was undertaken to provide context and policy direction for state investment in marine economic development, and to promote coordinated economic development for Narragansett Bay. The plan addresses economic development as a process defined by the American Economic Development Council of creating wealth through the mobilization of human, financial, capital, and physical and natural resources to generate marketable goods and services.⁸ To that end, government investments can include specialized infrastructure, special regulations, and incentives supporting industry and cluster location, as well as educational and research programs. This document divides the state's marine cluster into eight sectors: (1) Tourism, Recreation and Events; (2) Boatbuilding; (3) Boating Related Business; (4) Marine Transportation; (5) Fisheries and Aquaculture; (6) Military; (7) Shipbuilding and (8) Research, Technology Development and Education.

The report identified weaknesses in the state's marine transportation cluster, citing a failure of the state to invest in infrastructure which has diminished Rhode Island's competitiveness with other ports, and citing indications from the City of Providence that water-dependent industry was unwanted, which had inhibited private sector investment. A sector by sector analysis of conditions and trends revealed a lack of suitable sites and facility space for boat building and repair businesses seeking to expand in the state; an increasing demand for such services based on continuing growth of world trade activity; and the aging inventory of large, commercial maritime vessels. Recommendations in the report that may be relevant to the Allens Avenue marine industry sectors included:

- Develop regional strategies, policies, and programs to support ship building and repair
- Undertake a comprehensive assessment of marine transportation infrastructure and develop a plan for a statewide marine transportation system
- Coordinate redevelopment efforts in Upper Narragansett Bay with state requirements for petroleum storage capacity
- Relate marine transportation systems to economic development opportunities
- Recognize Rhode Island's connection to the northeast transportation corridor and assure adequate state participation in future planning and development

Other state-sponsored marine industrial and waterfront planning initiatives underway include:

- In 2007, the URI Coastal Resources Center received a land use grant from the RI Statewide Planning Program to inventory waterfront uses and port infrastructure as a followup to the RI Statewide Planning Program report, *Rhode Island Freight Planning Needs Assessment Study*, published in 2006.⁹ This investigation will examine marine industrial and recreational water uses, and will generate a map of regional landside and waterside conditions related to local business operations.

⁸ *The Marine Cluster: An Investment Agenda for Rhode Island's Marine Related Economy*, Rhode Island Senate Policy Office (July 2002)

⁹ FXM Associates interview with Austin Becker, Coastal Manager, URI Coastal Resources Center (February 2008)

- The I-95 Corridor Coalition is an alliance of transportation officials from Maine to Florida working to improve multimodal transportation services through regional projects. In 2005, the Coalition completed a Phase I study of short sea and coastal shipping options; Phase II is now underway to identify ports or ‘port pairs’ where short sea shipping could be an attractive option for shippers, provide a market feasibility assessment with costs and performance factors, as well as landside and port infrastructure requirements.¹⁰ The former Rhode Island Economic Policy Council was a member of the I-95 Corridor Coalition to advance the state’s economic development strategies and marine industrial investment priorities.¹¹

B. Metro Bay Special Area Management Plan (SAMP)

The Special Area Management Plan (SAMP) is undertaken by the RI CRMC and is part of the RI coastal zone management program. State, regional, and local government officials, private sector industry groups, natural resource interest groups, and other Narragansett Bay stakeholders are engaged in a multi-year planning process to update the 1983 Providence Harbor Special Area Management Plan. The Metro Bay SAMP is a federally recognized regulatory document of policies to guide development and uses of the water and shoreline in Providence, East Providence, Pawtucket, and Cranston.¹² At the time of this report, the SAMP was being revised chapter by chapter; the Port Development section includes CRMC water use types and will address requests from Providence and East Providence to modify the existing Type 6 Industrial Waterfronts and Commercial Navigation Channels designation. Both cities are seeking to introduce marinas and other recreational boating activities for planned or proposed residential and mixed-use real estate development projects. Generally, it is CRMC policy to view waterfronts as resources, not commodities, and give preference to water-dependent uses; however, CRMC also endeavors to support local economic development objectives.¹³ The final version of the updated Port Development chapter will be available for review by public agencies and stakeholders following the city’s waterfront charette in June and publication of related Providence waterfront economic impact assessments now in progress. The updated Metro Bay SAMP may incorporate recommendations for a regional Providence River Harbor management plan, revised shoreline policies that accommodate projected climate change impacts, and a new Type 6A water use designation to allow cruise ships. This water use was omitted in the 1983 SAMP due to lack of cruise ship activity/demand at that time.

Highlights from the recent Metro Bay SAMP workshop about policy, planning, design, and economic development issues related to the Providence Harbor waterfront include the following participant observations and comments.¹⁴

¹⁰ “Freight Planning Needs Assessment,” Rhode Island Statewide Planning Program (June 2006)

¹¹ The Rhode Island Economic Policy Council became part of the Rhode Island Economic Development Corporation effective April 2008.

¹² *Innovative Solutions to Guide Development Along the Providence River*, Metro Bay SAMP Workshop Proceedings (May 2007) and *Providence Harbor: A Special Area Management Plan* (November 1983), Rhode Island Coastal Resources Management Council

¹³ FXM Associates interview with Austin Becker, Coastal Manager, Coastal Resources Center (February 2008)

¹⁴ “Revitalizing Northern Narragansett Bay,” Metro Bay SAMP Workshop (May 2007)

- Nationally and regionally, the future is in small- to medium-sized ports; the marine economy is expected to grow; there is an anticipated increase in freight and energy that would be moved via the nation's waterways.
- Short sea shipping (defined as movement of products on smaller ships and barges from larger ports to smaller feeder ports) is inevitable as larger ports reach capacity and as east coast highways become increasingly congested.
- Cruise ships and mega yacht industries need the infrastructure already in place in Providence (deep water, proximity to highways, airports, hotels, etc.), as well as available shipyard, tugboat, and fueling facilities within Providence Harbor.
- Coal, petroleum, liquefied natural gas (LNG), and bio-diesel are imported from overseas and provide a large percentage of the region's energy; energy needs are expected to increase, resulting in increased marine traffic and the need for support services and infrastructure.
- The region has lost major storage facilities and currently only has three days of fuel capacity; an interruption in the fuel supply chain could result in shortages.
- Marine jobs cannot be outsourced, and provide good wages and economic opportunities.
- Port economic impacts extend beyond the waterfront and the local tax base.
- Providence is one of the top 50 ports in the US and needs to save space for expansion; the city has fewer developable areas than other New England ports.
- Only 10% of Rhode Island ports are zoned for industrial use.
- A revenue sharing proposal is needed to offset the cost to municipalities of leaving maritime industries in place or developing new maritime industries.

C. Providence 2020 Comprehensive Plan

City of Providence officials describe the ongoing, multi-phase process to update the 1993 comprehensive plan as “neighborhood-oriented,” characterized by numerous neighborhood-based charette sessions to discuss achievable and sustainable “visions” for the Capitol City in 2020. However, the short-term priorities and land use strategies are described as revenue-driven due to the large amount of tax-exempt city land (an estimated 40% of Providence property is owned by institutional, educational, and/or government entities).¹⁵ Providence planning officials also cite the need to generate jobs and address limitations in the city's workforce skill and education levels to meet the employment demands of the 21st century. A waterfront planning charette is scheduled for June 2008, and is expected to be a forum for stakeholders to reaffirm, refine, modify, or amend *The Interim Comprehensive Plan* document that codifies city land use policy and economic development priorities for the next 10 to 12 years.¹⁶ The CRMC Metro Bay SAMP planning process involving Upper Narragansett Bay stakeholders will review the outcome of the waterfront charette and related city zoning recommendations before deciding on the requests from Providence and East Providence to change Type 6 water use and activity

¹⁵ FXM Associates interview with Thomas Deller, Director, and Bonnie Nickerson, Long-range Planning Director, Department of Planning and Development (January 2008)

¹⁶ FXM Associates interview with Jared Rhodes, Chief Planner, Rhode Island Statewide Planning Program (March 2008)

designations.¹⁷ Sometime before June 2009, the City of Providence must bring the city's Zoning Ordinance into conformance with the adopted *Interim Comprehensive Plan* (December 2007), or a modified version of the document that may result from the neighborhood charettes scheduled over the next several months.¹⁸

Allens Avenue Corridor

Providence Tomorrow: The Interim Comprehensive Plan characterizes the Allens Avenue Corridor as an "Area of Change," and describes the industrial waterfront uses as "in transition," occupying land that is "more extensive than the demand for heavy industrial, water-dependent uses and activities," and proposing the transformation of the area into a new "Narragansett Bayfront neighborhood."¹⁹ The plan does not include or reference market studies documenting the type, amount, or probable absorption period of market-driven demand for the proposed introduction of residential, hospitality, and recreational uses into the Providence port/working waterfront district. The plan does *not* acknowledge the potential for expansion of existing marine and industrial uses based on national and regional forecasts of increased cargo demand at Atlantic Coast ports over the next decade. Recently, the city issued a Request for Proposals (RFP) from consultants to assist the Department of Planning and Development in conducting a study of the industrial waterfront area; the results of this study are expected to be available for discussion at the waterfront planning charette in June.²⁰

¹⁷ FXM Associates interview with Austin Becker, Coastal Manager, URI Coastal Resources Center

¹⁸ FXM Associates interview with Bonnie Nickerson, Director of Long-range Planning, Providence Planning and Development Department (March 2008)

¹⁹ *Providence Tomorrow: 2020 Comprehensive Plan (Draft)*, (August 2007 and December 2007)

²⁰ "Request for Proposals for Waterfront Economic Analysis and Land Use and Transportation Study," Providence Redevelopment Agency, City of Providence, Rhode Island (March 4, 2008); and FXM Associates interview with Thomas Deller, Director, City of Providence Planning and Development Department (January 2008)

Currently, the Allens Avenue Corridor comprises these zoning districts, as illustrated on the city zoning map and defined in the city's Code of Ordinances:²¹

- Waterfront Zoning Districts (Section 101.5.)
 - W-2 Waterfront: Mixed Use District - This zone is intended to promote a balance among appropriately scaled residential, commercial, and light industrial development; to enhance compatible development with adjacent areas and surrounding residential neighborhoods; to enhance and create public access to the waterfront as a public resource for the benefit of present and future generations; and to provide a transition between the Port/Maritime Industrial uses and surrounding neighborhoods.
 - W-3 Waterfront: Port/Maritime Industrial District - This zone is intended to promote the Port of Providence and related maritime industrial and commercial uses within the areas of Providence's waterfront; to protect the waterfront as a resource for water-dependent industrial uses; and to facilitate the renewed use of a vital waterfront.
- Industrial Zoning District (Section 101.4.)
 - (M2) Heavy Industrial District: This zone is intended to provide areas for heavy industrial uses, especially for those uses that are potentially hazardous, noxious, or incompatible with the uses in any other zone.

III. Existing Conditions

A. Providence River Harbor

The Port of Providence is one of two intermodal shipping terminals (water-rail-highway) in Rhode Island, and one of the few New England ports that can accommodate large ocean-going vessels as well as offer direct access to interstate highways (I-95 and I-195). The Narragansett Bay federal channel to Providence Harbor is 600 to 1,000 feet wide and was dredged to a 40-foot depth in 2005. The state's other intermodal port is located at the Quonset Business Park in North Kingston; however, the branch channels to the Davisville Piers are only 600 feet wide and about 32 feet deep; access to I-95 is via state roads (Routes 4 and 2). The Providence and Worcester Railroad Company (P&W) owns the active rail lines in the Port of Providence and provides regional freight operations in Massachusetts, Rhode Island, Connecticut, and New York with connections to major national rail lines throughout the US and Canada. The P&W is the only freight carrier serving Rhode Island, and has the exclusive and perpetual right to freight operations over the Northeast Corridor between New Haven and the Rhode Island/Massachusetts border.²² Currently, rail service at the Port of Providence services the dry, liquid, and break bulk commodities shipped to the ProvPort facility located on the southern portion of Allens Avenue.

²¹ Code of Ordinances, City of Providence, Rhode Island Chapter 27 Zoning Article I – General Provisions, codified through Chapter 06-45, enacted October 13, 2006 (Supplement No. 75, Addition) www.providenceri.com

²² “*Freight Planning Needs Assessment*,” Rhode Island Statewide Planning Program (July 2006)

There is a paucity of public data or recent information describing current and projected commercial traffic and business activity in the Port of Providence. In 2000, the ACOE surveyed Providence Harbor shipping terminals to prepare the economic justification for the \$45 to \$65 million Providence River Harbor dredge project.²³ The ACOE does not maintain records of shipping traffic activity following completion of federal dredge projects, relying on the Local Assurance Agreement with the state and city to provide for shipping terminals requiring a 40-foot depth in the Providence Harbor channel.²⁴ The city’s Planning and Development Department and Providence Economic Development Partnership do not maintain data documenting port shipping traffic or related marine industrial business activity on the waterfront, and the Providence Harbormaster position has been vacant for several years.²⁵ In 1996, the city leased the 105-acre southern portion of the port to ProvPort, a private company, but no official reports pertaining to ProvPort business operations, investments, or future plans were made available to FXM Associates during the course of this study.

The Waterborne Commerce Statistical Center (WCSC), a division of the US Army Corps of Engineers, records and publishes yearly vessel traffic and tonnage for the national waterways. Providence River Harbor vessel traffic and tonnage has been increasing steadily over the past several years, as shown in the following table (2005 is the most recent year for which WCSC data is available).²⁶

Providence River Harbor Traffic
(Volume in thousand short tons)

Year	Tons
1999	8,627
2000	8,870
2001	9,030
2002	8,244
2003	9,214
2004	9,559
2005	10,045

B. Allens Avenue Business Profiles

FXM interviewed company owners, general managers or representatives of several firms located in the study area to obtain qualitative and quantitative information describing business characteristics, economic activity, and overall market conditions affecting current or future

²³ “Providence River and Harbor Dredging Project, Final Environmental Impact Statement,” US Army Corps of Engineers New England Division (August 2001)

²⁴ FXM Associates interview with Edward O’Donnell, Navigational Engineer, US Army Corps of Engineers New England Region Office (February 2008)

²⁵ FXM Associates interview with Thomas Deller, Director, Providence Planning and Development Department, and Bonnie Nickerson, Director of Long-range Planning (January 2008)

²⁶ *Waterborne Commerce of the United States*, US Army Corps of Engineers (2005)

operations at their Allens Avenue locations.²⁷ The following business profiles highlight products, services and special features of the companies located in the Allens Avenue study area; the FXM overview and analysis of the quantitative business data is presented in Section IV, “Economic Impact Analysis,” of this report.

Narragansett Improvement Company (223 Allens Avenue) has been a family-owned and operated business at this 2.5-acre site for 114 years. The company manufactures asphalt and provides construction services to more than 400 active customers in Rhode Island, Massachusetts, and Connecticut. In addition to the numerous cities and towns, private developers, and contractors purchasing asphalt or paving services, the company has had contracts with the US Navy since the 1960s for paving and repairs at the Newport, RI and Groton, CT bases. Currently, liquid asphalt and aggregate material (stone, sand) arrive by barge and are delivered by truck to the Allens Avenue plant. The majority of employees have skilled or semi-skilled jobs (cement finishers, mechanics, equipment operators, engineers), and have been employed at the firm for an average of 17 years. Company operations require heavy industrial zoning without time restrictions on trucking activity, and with direct highway access and proximity to liquid asphalt suppliers that are water-dependent.

Promet Marine Services Corp. (242 Allens Avenue) has been a family-owned and operated business at this shipyard site for 34 years, and is reportedly the last independently owned shipyard in Rhode Island. The company depends on deepwater access to provide vessel repair, alteration, maintenance, and other services for ocean-going commercial vessels at its 600-foot concrete pier. It also has a 400-metric-ton Marine Travelift crane to handle tugboats, fishing boats, barges, and other large vessels. The full-service repairs include spray metallizing or painting; high capacity sandblasting systems; and a machine shop for welding, mechanical, and electrical repairs. Their trade area extends from Maine to Virginia and customers include the US Navy, US Coast Guard, oil tanker companies, and approximately 98% of Rhode Island’s fishing fleet. They provide services for small to medium sized boats needing heavy capacity dry docking, and deepwater dockside vessel repair. In conjunction with the 2005 Providence River Harbor Dredge Project the company invested \$2.5 million in facility improvements. Employees hold a variety of highly skilled shipyard jobs, including welders, fitters, painters, and machinists.

Sprague Energy (144 Allens Avenue) is one of the largest suppliers and distributors of energy and materials handling in New England, and has been located on the Providence waterfront for more than 100 years. The company is water-dependent; all products come to the terminal by vessel and include home heating oil, diesel fuel, and residual fuels. Customers are both end-users and resellers, and include a variety of federal and municipal fuel supply contracts; the terminal also has storage for roofing grade asphalt and rock salt. The workforce includes mechanics, terminal operators, and welders, as well as oil spill safety-trained technicians.

²⁷ Several of the companies interviewed by FXM for this study are members of the Working Waterfront Alliance, which organized and sponsored this study, as referenced at the WWA website, www.providenceworkingwaterfront.org.

Providence Steamboat Company (One India Street) was established at this location in 1881 and has been in continuous operation since then. Its distinctive green tugboats are a regular feature of Providence River Harbor. The company is fully water-dependent and operates six tugboats (including one state-of-the-art 'Z-drive' tractor tug) to provide ship and barge assistance as well as local towing for all types of vessels in Narragansett Bay south of the I-195 Bridge. US Navy and Coast Guard contracts represent a significant percentage of their customer base, and all company employees are Coast Guard-licensed merchant mariners with TWIC security clearance.

Walco Electric (303 Allens Avenue) is a locally-owned business that has been operating at this location for more than 75 years. The company is not water-dependent; however, the scale of products handled (e.g., 2,000 to 3,000 horsepower motors), the specialized 'roast and bake' oven operations with high temperature exhaust venting, and significant truck traffic require a heavy manufacturing zoned district with interstate highway access. The Automation and Controls Group offers customized metal processing, paper, plastic film, and conversion services to national and international customers; the Rail Trans/Locomotive Group specializes in rebuilding, rewiring, and remanufacturing AC and DC traction motors, generators, and auxiliary equipment as well as gear boxes and bearings for mass transit agencies and short-line freight rail companies; and the Industrial Power Systems Group provides in-house or on-site repair, rebuild, and maintenance for all types of electro-mechanical equipment, including hoist and crane services. Employees are skilled as mechanical/electrical engineers, technicians, or mechanics, and are computer proficient because the industry has become more technology-based.

J. Goodison Company, Inc. (7 India Street) is a full-service marine and industrial maintenance contractor serving the East Coast from Maine to Florida. The company is family-owned and operated, a committed partner of the Hire Vets First program, and is fully water-dependent. Services include marine repair (dry dock, dockside, riding crew); ship and equipment painting; marine and industrial cleaning, coating, eco-friendly UHP water jetting, and abrasive blasting; maintenance of historic sites (such as Sakonnet Lighthouse); and flooring and welding. Customers primarily include shipyards, government, and military (Air National Guard, US Navy, US Coast Guard, and Naval Under Sea Warfare Center). Employees include marine estimators, pipe fitters, painters, welders, mechanics, and general laborers. The company is the only Small Business Administration Hub Zone contractor north of Virginia qualified to bid on set-aside federal contracts for marine services and hires at least 35% of its workers from designated census tract areas in the South Side neighborhood of Providence.

Philip Services Corporation (275 Allens Avenue) has been operating on Allens Ave. since the early 1980s and is the only commercial chemical waste management facility in Rhode Island. Their facility provides chemical waste storage, processing, and transport services.

Business Operations Related to Allens Avenue Industries

Other businesses not included in the quantitative assessment that follows this section, but directly related to overall business operations in the Allens Avenue study area include the following:

Providence and Worcester Railroad (P&W) is a regional freight railroad operating in Massachusetts, Rhode Island, Connecticut, and New York. The company is the only interstate freight carrier serving the State of Rhode Island and possesses the exclusive and perpetual right to conduct freight operations over the Northeast Corridor between New Haven, Connecticut and the Massachusetts/Rhode Island border.²⁸ The company transports a wide variety of commodities for its customers, including construction aggregate; iron and steel products; lumber; coal; chemicals; scrap metals; plastic resins; cement; processed foods and edible food stuffs such as frozen foods, corn syrup, and animal and vegetable oils. Over the past five years, P&W expanded infrastructure significantly in the southern section of Allens Avenue for rail yards and new track, as well as improvements at the ProvPort facility. The company has a freight rail right-of-way easement extending north of Thurbers Avenue on Allens Avenue that includes sidings to several private properties (Sprague, PSC Northland Environmental, Narragansett Improvement Company, and others); some of these rail lines are inactive but none have been abandoned.²⁹ Company officials point out that rail usage is driven by shifts in commodity movement from international to domestic sources, which could shift transporting asphalt from ship/barge to rail in the near future.

Rhode Island Fishermen's Alliance (RIFA) represents the Rhode Island fishing fleet that comprises more than 150 vessels berthed primarily in Galilee, Newport, and Sakonnet. In 2006, the Rhode Island fishing industry ranked 12th among the nation's top 100 ports, according to the National Marine Fisheries Service, and the scale of the fishing industry has tremendous value to the state as an export sector.³⁰ The RIFA reports that virtually all of the fishing fleet vessels are serviced by one or more of the Allens Avenue Corridor marine and industrial repair companies, and the fleet needs additional berthing space at industrial waterfront locations where owners can tend to their boats, gear, and equipment.³¹ The need for more berthing space has become especially important as federal regulations reduce days at sea and traditional berthing space is reduced or displaced as more ports are revitalized or transformed for residential, recreational, and tourism uses. Fishing vessels are large, ocean-going craft, and are compatible with other commercial navigation uses in Providence River Harbor, according to RIFA representatives.

²⁸ Providence and Worcester website at www.pwrr.com

²⁹ FXM Associates interview with Frank Rogers, Vice President, P&W Sales and Marketing (March 2008)

³⁰ FXM Associates interview with David Beutel, Fisheries Specialist, Rhode Island Sea Grant Program (April 2008)

³¹ FXM Associates interview with Rich Fulka, Rhode Island Fishermen's Association (March 2008)

C. Allens Avenue Business Activity

The following summarizes collective sales, expenditures, employment, taxes, and investments on an estimated annual basis generated by several businesses in the Allens Avenue Corridor that were interviewed by FXM for this report.

- ❖ The businesses collectively have been operating in Providence for an average of 63 years, ranging from 9 years to 15 years; four have been on Allens Avenue for more than 70 years.
- ❖ The majority of companies are private, locally-owned and family-operated businesses with a long-standing state presence in Rhode Island.
- ❖ Average annual business sales are reported at approximately \$294,000,000.
- ❖ Rhode Island-based business activity includes (2007):
 - Customers who account for more than \$140,000,000 in purchases
 - Suppliers who provide more than \$12,000,000 in mill items, paint, steel, etc.
 - Professional service firms that are paid about \$700,000 for legal, accounting, and marketing services
 - Subcontracts for specialized products, services, etc., totaled over \$2,000,000
- ❖ Annual payroll in 2007 was reported at \$20,025,000, with an average annual wage of \$54,831 per employee (full- and part-time)
 - Employer health insurance and other benefits to employees are more than \$2,275,000 per year, or \$6,120 on average per employee. Average hourly wages are \$26.
 - Total compensation per employee thus averages approximately \$60,000 per year
- ❖ The businesses employ 372 persons, of which 90% are full-time workers. Rhode Island residents comprise 65% of the workforce.
- ❖ Property taxes paid to the City of Providence totaled \$716,371 in 2007
- ❖ Sales taxes paid to the state were estimated at \$546,000³²
- ❖ Excise and other taxes and fees were estimated at \$4,227,000
- ❖ Recent capital investments (2004 to 2007) totaled more than \$30,000,000
- ❖ Costs to replace facilities, systems, and equipment for five of the businesses were estimated at \$126,000,000 excluding land, permits, engineering, and site preparation.

³² The Rhode Island Marine Industrial Trade Incentive exempts state sales tax on boat sales, motors, service, and repairs on international trade vessels; FXM Associates interview with Joel and David Cohen, Promet (January 2008)

IV. Total Direct, Indirect, and Induced Effects of Allens Avenue Businesses on Output, Jobs, Income, and Taxes in Rhode Island

Data in the following table on page 17 show the results of the R/Econ Input Output Model's estimation of total direct, indirect, and induced effects of the selected Allens Avenue businesses on the economy of Rhode Island. Economic effects are shown in terms of Output; Jobs; Household Income; and Local, State, and Federal taxes contributed annually (see previous Approach and Methodology section for explanation of terms).

As shown by data in the table, the selected Allens Avenue businesses annually account for about \$324 million in business output within the State of Rhode Island, over 700 jobs, and nearly \$30 million in household income. Each year the State of Rhode Island receives nearly \$6 million in business and personal income, sales, and excise taxes, while local municipalities receive over \$2 million in business and residential property and excise taxes attributable directly and indirectly to the activities of Allens Avenue businesses.

Sketch Comparisons to Other Potential Land Uses - It may be instructive to compare the level of residential, retail, or hotel uses that would be required to achieve the employment and income generated by existing Allens Avenue businesses. Using average incomes and sales per employee in Rhode Island and per household expenditures for retail goods and services,³³ it is possible to derive such hypothetical comparisons. For example, assuming all households who occupied condos or apartments potentially developed under the rezoning were *net new residents to Rhode Island* (a highly unlikely scenario since Rhode Island's population has been flat or decreasing over the past several years), and further assuming their average incomes were \$85,000 per household, it would take nearly 1,400 new households to generate enough spending to create the 370 direct jobs now attributable to Allens Avenue businesses. These jobs, which would be primarily in retail, would pay only about a third of the income that the direct jobs provided by existing Allens Avenue businesses now pay. To achieve an equivalent level of household income for Rhode Island residents to that now generated by existing Allens Avenue businesses would require, therefore, nearly 1,200 retail jobs. At roughly 700 square feet of retail space per employee on average, there would need to be over 800,000 square feet of new retail/restaurant uses to approximate the household income now directly provided by existing Allens Avenue businesses. *These new retail uses would need to be supported by about 4,900 new residents to Rhode Island so as not to simply divert spending away from existing local establishments.* Residential, retail, or hotel uses will **not** achieve the employment and income multipliers shown in the table for existing Allens Avenue businesses because few retail goods sold are produced in Rhode Island, and most chain hotels purchase their supplies from national vendors located out of state – thereby limiting their multiplier effects.

³³ Sources: *Claritas Site Reports*, US Consumer Expenditure Survey, and US Department of Commerce Regional Economic Information System (REIS)

Total Direct, Indirect and Induced Effects of Allens Avenue Businesses on the Rhode Island Economy

	Economic Component		
	Output (000 \$)	Employment (jobs)	Income (000\$)
I. TOTAL EFFECTS (Direct and Indirect/Induced)*			
Private			
1. Agriculture	16.8	0.5	2.5
2. Agri. Serv., Forestry, & Fish	43.9	1	21.6
3. Mining	71.2	0.5	24.6
4. Construction	29,993.1	109	6,464.0
5. Manufacturing	17,830.5	151	6,359.2
6. Transport. & Public Utilities	242,600.8	70	4,609.3
7. Wholesale	1,789.1	16	727.6
8. Retail Trade	4,291.3	94	1,577.2
9. Finance, Ins., & Real Estate	5,071.4	41	1,681.5
10. Services	21,963.5	232	8,103.1
Private Subtotal	323,671.7	715	29,570.6
Public			
11. Government	121.7	1	37.3
Total Effects (Private and Public)	323,793.4	716	29,607.9
II. DISTRIBUTION OF EFFECTS/MULTIPLIER			
1. Direct Effects	293,900.0	372	20,025.0
2. Indirect and Induced Effects	29,893.4	344	9,582.9
3. Total Effects	323,793.4	716	29,607.9
4. Multipliers (3/1)	1.102	1.925	1.479
III. TAX ACCOUNTS			
	Business	Household	Total
1. Income --Net of Taxes	26,827.5	26,647.1	
2. Taxes	9,974.8	6,525.7	16,500.5
a. Local	890.6	1,145.5	2,036.2
b. State	4,802.9	816.7	5,619.6
c. Federal	4,281.3	4,563.4	8,844.8
General	1,106.9	4,563.4	5,670.3
Social Security	3,174.4	0.0	3,174.4

Note: Detail may not sum to totals due to rounding.

*Terms:

Direct Effects --the proportion of direct spending on goods and services produced in the specified region.

Indirect Effects--the value of goods and services needed to support the provision of those direct economic effects.

Induced Effects--the value of goods and services needed by households that provide the direct and indirect labor.

V. Additional Findings and Observations

A. Local and Regional Planning Considerations

The Allens Avenue Corridor, as well as other working waterfront areas and activities comprising the Port of Providence, function interdependently; especially with neighboring riverfront communities in Upper Narragansett Bay (East Providence and Cranston). Most full-service harbors have defined zones (by regulations, management, and sometimes tradition) for hierarchies of differing watershed and waterfront uses. This type of organization is often found in municipal or regional harbor management plans, (e.g. Boston, New Bedford, Gloucester, Salem, Fall River, Massachusetts; and Portland, Maine) and is very important to defining and sustaining a critical mass of diverse uses within a confined area also serving deepwater vessel water transportation needs.

- By tradition, regulation, and current business activity, the Port of Providence waterfront district (roughly from Point Street to Fields Point) is the primary harbor zone for port industries, vessel repair and services, heavy manufacturing, energy and utility facilities, marine transportation, and specialized commercial uses.
- The Head of the Bay Gateway mixed-use (commercial, recreational, public space), reuse, and redevelopment currently proposed for state/federal-owned I-Way property north and west of the Allens Avenue corridor offers an optimal location for a Providence riverfront marina as well as direct connections to the Providence Riverwalk, public access to the Bay, and linkages to regional coastal greenway and bicycle path systems. Sponsored by the Friends of India Point Park and Fox Point Neighborhood Association, the Head of the Bay Gateway conceptual plan includes a marina for large and transient vessels which appears to be compatible with navigational and maneuvering requirements of the nearby shipping terminals.
- The City of East Providence has numerous mixed-use redevelopment projects in various stages of planning, development, or construction in its waterfront area. These real estate projects will increase the local and regional supply of luxury waterfront residences, restaurants, retail shops, and marinas significantly over the next 5 to 10 years. Successful completion of this ambitious public-private sector endeavor will transform acres of contaminated or abandoned industrial land on the East Providence riverfront into a substantial residential, hospitality, and recreational zone within Upper Narragansett Bay. These pending and potential developments in East Providence will directly affect potential market support for similar types of uses along the Providence waterfront and need to be considered in assessing realistic market-driven development potential under possible rezoning of the Allens Avenue area.

Economic Development

Most businesses flourish in a regulatory environment that is clear, predictable, and efficient; stagnation and disinvestment occur when local planning and permitting processes are ambiguous, unpredictable, or inefficient. Marine and manufacturing businesses have major equipment, systems, and infrastructure costs that are amortized over a 20- to 25-year period; they tend to take a steady, long-term approach when making capital investments for capital facilities expansion, labor, or other investments in growth. There has been uncertainty about future uses of the Providence working waterfront since the “New Cities” Narragansett Landing plan was produced by the city’s Planning and Development Department in 2000, now exacerbated by the latest 2020 “vision” of the Allens Avenue area transformed into a new Narragansett Bayfront tourist destination and residential enclave. This protracted planning process and perception of waning support for the Providence working waterfront has resulted in lost opportunities for existing companies to expand, increase productivity and local employment, or capture larger market share and strengthen the City's economy. FXM’s interviews revealed numerous anecdotal and a few documented instances of water-dependent or industrial firms interested in locating new facilities in the Allens Avenue area who were deterred by the city's renewed support of real estate developer plans to introduce residential, tourist, and recreational uses in the industrial waterfront district.

Waterfront District Land Use

By all accounts, the real estate development frenzy of the past several years is over. Investor and private demand for luxury residential property (\$450,000+) has declined dramatically in all but a few select locations. In Providence, sluggish real estate demand is evident in the number of unsold high-end condominiums, conversion of planned condominium units to rental apartments, and permitted residential projects reduced in size or deferred to future construction phases. There also are more residential development projects planned for the Down City, Federal Hill, and Jewelry District neighborhoods, as well as additional hospitality and retail uses in new or rehabilitated buildings. In an interview with FXM for this study, city planning officials expressed an opinion that it could be 7 to 10 years before this supply is absorbed, and they are uncertain whether potential residential, hospitality, and retail uses in the waterfront district could undermine downtown revitalization efforts as investors or speculators turn their attention to potentially more lucrative and higher value waterfront projects in the more distant future.

Providence has not formulated an economic development policy, goals, or priorities for retention, expansion, or recruitment of shipping, energy, or other waterfront industrial uses (and the jobs and household income they provide) that have been identified as growth sectors of the local, state, and regional economies. Nor has the city analyzed the indirect effects of existing industrial uses on property values citywide, which are affected by the income and expenditures at local businesses of the relatively highly paid workers of Allens Avenue industrial businesses who live in Providence (induced effects), or the city businesses that are directly and indirectly supported by economic activity on Allens Avenue.

It is critical that the Providence waterfront short-term and long-range planning process also consider and incorporate disposition and reuse of new I-Way land and developable parcels, which will also affect realistic market potential for development elsewhere in the city. Also, a more holistic approach is called for in which the entire Port of Providence is approached as a unique and invaluable state resource. In that regard, it is equally critical that effective state-municipal revenue-sharing options are devised that consider the importance of property tax revenues to municipalities. As stated in the “Business and Jobs” section of the 2020 Interim Comprehensive Plan, the planning process should explore opportunities to expand Providence and regional workforce training and educational resources to meet marine industrial trade, manufacturing, energy/utility, and transportation labor supply needs for existing and projected unskilled, semi-skilled, and skilled job vacancies.

Enhanced Public Access

New England coastal communities provide many effective examples (e.g. Portland, Maine; and Boston and Provincetown, Massachusetts) for accommodating public access to urban harbors and working waterfronts without compromising the safety, security, or efficiency of business operations. City goals for increased/enhanced public access to the Providence waterfront along the Allens Avenue Corridor should be tempered by the volume, frequency, and variety of truck traffic serving Allens Avenue industrial uses as well as the possibility of future freight rail service north of Thurbers Avenue to company sidings on both sides of Allens Avenue. From that perspective, the most practical points of public access would be Public Street leading directly to Conley Wharf, and South Water Street leading directly to India Point Park. Both routes avoid potential safety conflicts with industrial business activity. Determining appropriate routes and waterfront destinations accessible to the general public will need to consider Homeland Security regulations increasing the areas of controlled access in port zones and restricting all unescorted waterfront access to holders of TWICs by April 15, 2009³⁴. This is especially germane to the Allens Avenue Corridor where several businesses provide marine and industrial contracting services to the Coast Guard, Navy, Department of Transportation, and other federal agencies.

- Two community-based groups, Friends of India Point Park and Head of the Bay Gateway Committee, are sponsoring an alternative development plan for the former Shooters site on the Providence Harbor shoreline in the Fox Point neighborhood. The proposed commercial and recreational project would reuse the property that was purchased by the Rhode Island Department of Transportation for the I-Way Project, to be sold when the highway relocation construction is completed. The conceptual plan advocated by the groups would emphasize enhanced public access and use of the India Point Park waterfront with multiple destinations including a marina catering to large vessels and transient boaters, outdoor amphitheater, restaurants, water taxi dock, fishing pier, public art exhibits, farmers market, and bicycle path.

³⁴ US Department of Homeland Security Transportation Security Administration website at www.tsa.gov

- Waterborne transportation is an existing compatible use with other marine and heavy industrial business operations in the Providence waterfront district and the Allens Avenue Corridor. The proposed expansion of passenger ferry service, and cruise ship and excursion vessels docking at Conley Wharf would enhance and increase public access to the Providence Harbor waterfront without conflicting with or compromising existing uses.

B. Allens Avenue Corridor Attributes

The Providence Harbor, Port of Providence, and Allens Avenue working waterfront area are unique, invaluable, and irreplaceable assets for the Capitol City and state economies. FXM found the following special features in the study area and its business activity:

- Appropriate zoning to separate marine industrial, hazardous materials, truck traffic, heavy equipment, and 24/7 plant operations, etc., from other uses
- Central location, easy access to the north, south, and east interstate highway networks, and waterside access to the 40-foot deep Providence River Harbor navigation channel
- Last Rhode Island commercial shipyard and privately-owned New England shipyard serving vessels of various types and sizes, state and federal military craft, as well as the Rhode Island fishing fleet
- One of two Rhode Island terminal locations for heavy fuel import, storage, and distribution to Providence schools, hospitals, industrial and large commercial facilities
- Diverse, well-paying employment opportunities in skilled and unskilled positions at established local companies, some of which provide on-the-job training
- Providence and Worcester Railroad regional freight rail service and dedicated freight right-of-way on Allens Avenue with sidings to adjacent industrial parcels
- Rhode Island Enterprise Zone business and employment tax credits/incentives and the only Hub Zone marine services contractor north of Virginia
- Private, locally-owned companies on Allens Avenue provide economic stability. These businesses have direct control over their location and employment decisions and are not subject to external management policies. Some have chosen to remain in Providence although Rhode Island has not been their firm's primary trade area, target market, or customer base for many years.

C. Potential Allens Avenue Business Expansions

This economic impact assessment does not quantify projected effects of Allens Avenue business expansion. However, FXM interviews revealed the following expansion or investment plans that reportedly would be implemented if there were no uncertainty regarding waterfront district rezoning. Over the past five years, at least three of the core businesses in the Allens Avenue study area have informed city officials of their need to expand and their plans for new facilities, equipment, production space, and hiring more employees. Their needs persist but their plans have been on hold for the past several years waiting for city decision-makers to clarify the future of the Allens Avenue working waterfront. Collectively, these companies are ready to invest

more than \$10 million in facility improvements and add 50 to 55 new jobs in the Providence workforce. The Allens Avenue Corridor is not an area “in transition with decreasing market demand,” as suggested in the city’s comprehensive plan documents.

D. Recommendations

(1) Advance Allens Avenue Business Development & Facility Expansion

- Conduct market study of Providence waterfront in the context of the Upper Narragansett Bay regional economy as well as the State of Rhode Island marine industrial cluster economic goals and port industry development initiatives
- Evaluate probable market support and projected absorption rates for current, planned, and proposed development of waterfront residential, hospitality, specialty retail, and tourism and recreational uses including marinas
- Explore options to support expansion of existing Providence waterfront water-dependent industrial and energy businesses, and near-term opportunities to attract other port industries to available vacant or underutilized Allens Avenue sites such as the Sheppard's property
- Investigate feasibility of providing additional berthing space for fishing vessels at Providence waterfront locations with adequate pier and backland to allow on-site services for equipment, gear, or boat repairs (e.g., electricity, pump-out, work area)

(2) Advocate for a City of Providence Economic Development Strategy

Economic development encompasses many things. An academic definition calls it: *a process that is brought about by the start-up and sustainable operation of businesses that create jobs as well as the expansion of existing enterprises that contribute to community vitality and the kind of growth that citizens want.*³⁵ At the household level, economic development increases income and improves quality of life. At the municipal level, new and growing businesses provide jobs and contribute to the city’s tax base that provides increased revenue for municipal services or reduces the tax rate burden. Increased corporate or individual income invested in businesses and homes also expands the tax base as property values rise. Almost everything that touches people’s lives – the quality and cost of housing, health and social services; the quality and cost of basic education for children, unemployed youth, and adults; the social networking and safety of neighborhoods; the opportunity to earn a decent living, including various types of jobs and the means to get them; and the range of choices one has to spend work and leisure time - all qualify as economic development issues.

Successful economic development occurs when the public sector acts to facilitate business growth and private sector investment. The most effective economic development results from directed and coordinated actions by municipal officials to support existing industrial and commercial uses, as well as accommodate new or emerging business activity. Typically, the most significant and meaningful opportunities for expanding local tax revenue and resident

³⁵ From website www.economicdevelopment.net, 2007 and FXM Associates

employment are derived from meeting the needs of existing businesses rather than focusing local efforts and resources on attracting new or different types of businesses.

The decision to formulate an economic development strategy necessitates a clear understanding of local assets and limitations in the context of current market conditions and needs influencing private sector decisions about investment options as well as optimum locations for business operations. Effective economic development planning deals primarily with the foreseeable future, identifying municipal policy, capital investment, and strategic initiatives that address the needs of existing and prospective businesses. In this regard, the critical components of the economic development strategy are the short-term actions required to sustain viable economic activity and realize growth potential. This approach is sometimes referred to as “harvesting the low-hanging fruit” and is usually accomplished by municipal officials and agency and department staff over a three- to five-year period with minimum additional resources. In addition to motivated and informed political leadership, implementing economic development strategies also requires the cooperation and involvement of various local boards, commissions, business organizations, trade associations, and other key stakeholders.

Ultimately, economic development results from many different factors. It cannot take place without a recognition of its value to the city, some basic agreement on what kind of business and land development is desired, and a willingness to coordinate the resources needed to make it happen. In return, economic development will be linked to virtually everything that promotes local well-being and will provide the foundation for financing municipal functions.

VI. Contacts and Interviews

Austin Becker, Coastal Manager, URI Coastal Resources Center/RI Sea Grant

David Beutel, Fisheries Specialist, Rhode Island Sea Grant Program

David A. Cohen, President, *Promet Marine Corporation*

Joel H. Cohen, Vice President, *Promet Marine Corporation*

Thomas Deller, Director, Providence Planning and Development Department

Dustin and John Everson, *Narragansett Improvement Company*

Rich Fulka, *Rhode Island Fishermen's Association*

Julie A. Gill, Executive Director, *Oil Heat Institute*

Jack Goodison, Executive Vice President, *J. Goodison Company, Inc.*

Daniel Goulet, Dredging Manager, RI Coastal Resources Management Council

Elizabeth Hernberg, Managing Director, *Sprague Energy*

Ariana McBride, Economic Development Planner, RI Economic Policy Council

Howard McVay, *Northeast Marine Pilots*

Bonnie Nickerson, Long-range Planning Director, Providence Planning and Development

Edward O'Donnell, Navigational Engineer, US Army Corps of Engineers

Captain Gary D. Oliveira, *Providence Steamboat Company*

Frank Rogers, Vice President, Sales and Marketing, *Providence And Worcester Railroad*

Jared Rhodes, Chief Planner, Rhode Island Statewide Planning Program

Tiffany C. Smythe, Fellow, URI Coastal Institute

John Stiller, *PSC Northland Environmental*

James Therriault, Vice President of Marketing and Materials Handling, *Sprague Energy*

Ellis Waldman, *Walco Electric*

VII. Reference Sources

Providence Tomorrow: The Interim Comprehensive Plan, City of Providence Planning and Development Department (December 17, 2007)

“Economic Evaluation” (pp. 114-128), Providence River and Harbor Dredging EIS, US Army Corps of Engineers

Innovative Solutions to Guide Development Along the Providence River, Workshop Proceedings, Metro Bay SAMP (May 2007)

The Marine Cluster: An Investment Agenda for Rhode Island’s Marine Related Economy, Rhode Island Senate Policy Office (July 2002)

“Short Sea Shipping Study Phase II Scope of Work,” I-95 Corridor Coalition, Rhode Island Economic Policy Council

Port Development Strategic Plan, Maine Port Authority (November 2007)

Providence Harbor: A Special Area Management Plan, Coastal Resources Management Council (November 1983)

Freight Planning Needs Assessment, Technical Paper #158, Rhode Island Statewide Planning Program (July 2006)

Urban Waterfronts in the 21st Century: Shaping Policy for the Port of Providence, Austin Becker (unpublished thesis)

FY07 Economic Monitoring Report, Rhode Island Economic Monitoring Collaborative (June 2007)

Rhode Island State Guide Plan: Economic Development (Section 211), Waterborne Transportation, Rhode Island Statewide Planning Program

Rhode Island Comprehensive Economic Development Strategy 2007 Annual Report, Rhode Island Statewide Planning Program

Providence Economic Development Partnership at www.providenceri.biz