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STUDY DETAILS ECONOMIC IMPACT OF ALLENS AVENUE WORKING WATERFRONT AND INDUSTRIAL BUSINESSES

PROVIDENCE, JUNE 9 – Water-dependent and industrial businesses operating along the Allens Avenue Corridor in the Port of Providence are directly responsible for approximately \$294,000,000 in annual business sales and employ 372 workers (90% full time) with an average total compensation of approximately \$60,000 per year, according to a new economic impact study released by the Providence Working Waterfront Alliance.

The study, conducted by waterfront economic planning specialists FXM Associates of Mattapoisett, MA, analyzed the economic impact of seven Allens Avenue area businesses; Promet Marine Services (marine repair), Sprague Energy (oil storage and materials handling), Providence Steamboat (tugboat services), Narragansett Improvement (asphalt plant), Walco Electric (automation engineering and industrial service), Philip Services Corp. (environmental services), and J. Goodison Company (marine repair).

“These numbers clearly show that Providence’s working waterfront and related industrial businesses are an economic engine for the city, state, and the entire region,” said Joel Cohen, Vice President of Promet Marine Services, and Chairman of the Providence Working Waterfront Alliance. “The City of Providence and state leaders need to help protect and grow these businesses and the high paying blue collar jobs they provide, not work to replace them with condos, hotels, marinas, and retail stores.”

In addition to assessing direct effects, or jobs and wages produced directly by these companies operations, the FXM study also estimated indirect and induced effects. Indirect effects are the value of goods and services needed to support direct economic effects. Induced effects are the value of goods and services needed by households that provide the direct and indirect labor.

The study estimated the annual combined direct, indirect, and induced effects of these companies to be \$324 million in total business output within the state, over 700 jobs, and nearly \$30 million in household income. In addition, each year the State of Rhode Island receives nearly \$6 million in business, personal income, sales, and excise taxes; while local municipalities receive over \$2 million in business, residential property, and excise taxes attributable directly and indirectly to the activities of Allens Avenue businesses.

The FXM Associates study also estimated the amount of new residential and retail development that would be needed to achieve the same level of employment and income now generated by existing Allens Avenue businesses. According to the study, it would take over 1,400 new households (condos or apartments) to generate enough spending to create the 370 direct jobs now attributable to existing businesses. As many of these jobs would be in the retail sector, which pays roughly one third of the income paid by current businesses, it would require some 1,200 new retail jobs to achieve the same level of household income now generated 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.

“The economic vitality of existing businesses along Allens Avenue sets a very high bar for the consideration of potential alternative uses,” said Frank Mahady, Principal of FXM Associates. “City and state leaders need to very carefully weigh whether a new mixed use vision for the area will ever be able

to generate the same number of jobs and total economic impact currently produced by the existing water-dependent and industrial uses.”

The study also estimated the cost to replace facilities, systems, and equipment for five of the existing businesses at \$126,000,000, excluding land, permits, engineering, and site preparation.

“Narragansett Improvement has been operating at our Allens Avenue location for 115 years,” said John Everson, owner and President of the company. “Our heavy equipment and machinery can’t just be picked up and moved to another community, not to mention the effort and cost we’d have to incur to obtain the necessary permits. Put simply, we can’t move.”

Other findings from the FXM Associates study:

- 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 presence in Rhode Island.
- Rhode Island-based business activity includes (2007):
 - Customers account for more than \$140,000,000 in purchases
 - Suppliers provide more than \$12,000,000 in mill items, paint, steel, etc.
 - Professional service firms are paid almost \$700,000 for legal, accounting, marketing
 - Subcontracts for specialized products, services, etc. totaled \$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 per hour.
 - 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 \$546,000.
- Local and State excise taxes 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.

It is important to note that the study examined the economic impact of just seven businesses in the Allens Avenue area. The total economic impact of all businesses within the industrially zoned area is even greater.

The economic impact study was commissioned by the Providence Working Waterfront Alliance, a group of businesses and organizations who believe that the Port of Providence is a vital regional economic resource that must be protected from mixed uses that are incompatible with a working waterfront.

To download the complete economic impact study, visit:

<http://providenceworkingwaterfront.org/wp-content/uploads/2008/06/allens-ave-econ-impact.pdf>

FXM Associates, based in Mattapoisett, MA, is a consulting firm specializing in economic planning and research for public and private sector clients nationwide. FXM Associates' specialty in waterfront planning and economics includes studies of the New Bedford/Fairhaven Harbor Master Plan, Gloucester Harbor Plan, and the Master Development Plan for the Port of Galilee. www.fxm.biz

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