April 1, 2014

The Honorable Michael A. Solomon
President
Providence City Council
City Hall
25 Dorrance Street
Providence, RI 02903

Dear Council President Solomon:

On behalf of the Providence Task Force on Economic Development, I am pleased to present to you our findings and recommendations. The attached report includes the Task Force's final recommendations, an overview of the city's demographics, an organizational analysis, and an industry analysis.

I would like to thank all of the members of the Task Force as well as the Departments of Economic Development, Planning and Development, and Inspections and Standards for their critical contributions to the work presented in this report. I also wish to acknowledge John Simmons and the team at RIPEC for their assistance with this final report. I would like to thank you and the entire City Council for having given us the opportunity to deliver this report.

We hope the Task Force's report serves as a valuable source of information as the City Council continues its efforts to improve Providence's economy. We would be pleased to meet with you to discuss the report in further detail or to identify other areas for collaboration between RIPEC and the City at your convenience.

Sincerely,

Alan H. Litwin, CPA
Chairman

Enclosure

City of Providence Task Force on Economic Development Final Report

Submitted April 2014

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Acknowledgements:

The Task Force wishes to acknowledge the attendance and participation of many Council members, city government employees, and the public. The Task Force would particularly like to thank the following individuals for their contributions to this final report:

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Executive Summary

The City of Providence is experiencing difficult economic circumstances, exacerbated by the Great Recession of 2007-2009, and which continue to persist today. The city's unemployment rate has remained elevated and shows few signs of improvement. Similarly weak trends can be observed across numerous economic indicators including measures of employment, income, and output. From 1990 to 2012, total employment in Providence County increased by a mere 2.8 percent; by way of comparison, employment across the United States increased by 28.9 percent during the same time period. Even in 2006, prior to the onset of the recession, employment was only 5.0 percent higher in the county than it had been in 1990. Likewise, the county's Gross Domestic Product, a measure of the total output of a region's economy, averaged an annual growth rate of 1.63 percent from 1990 to 2012 compared to 2.25 percent nationally.

Based on this economic data, the reports reviewed, and the presentations that were made, the Task Force concludes that Providence is not economically competitive. To become competitive, the Task Force recommends that the city take specific action steps to improve the economic climate and support economic growth.

On May 27, 2013, the Providence City Council (the "Council") approved a resolution establishing a 15-member City of Providence Task Force on Economic Development (the "Task Force"). As stated in the resolution, the Task Force's mission was:

- Recommending an implementation plan for identified economic development strategies for Providence, taking into account current assets, challenges, and opportunities for long-term growth and stability;
- Benchmarking and setting goals for funding priorities, including Downtown and neighborhood-based economic development opportunities; and
- Studying and making recommendations regarding the future of 111 Westminster, including reviewing the economic impact, examining and recommending various options, and financing.

The Task Force recommends that the city adopt an economic vision statement and proposes the following vision statement as a starting point for further discussions:

Providence should be a place that...

1. Has a tax and regulatory environment conducive to economic growth.
2. Is an attractive and affordable place to live with a high quality of life.
3. Is a global leader in knowledge-based industries and nurtures innovators and entrepreneurs.
4. Is home to a skilled workforce ready to compete in the global economy and provides economic opportunity for all groups of people.

5. Includes 111 Westminster Street as a key component of the economic development of the city.

To provide a framework for improving Providence's economy, the Task Force proposes the following substantive recommendations and the action steps that follow:

Develop an Economic Development Plan

The Task Force recommends that each mayoral administration, within six months of taking office, develop an industry-based economic development plan through a new planning council. City economic policy should move in a common direction, capitalize on existing strengths, and be responsive to the fundamental changes that the local economy has experienced in recent decades. An industry-based plan will allow the city to align the economic policy tools that it possesses in pursuit of a larger vision that builds on existing strengths, directs infrastructure and other forms of government investment towards specific industries, and develops an economy unique to the city and state. A proposed city ordinance establishing this planning council and requiring the development of an economic development plan is included in Appendix C.

Complete a Cluster Analysis

The Task Force believes that Providence should conduct a cluster and industry intersection analysis to identify industries with the potential for employment growth and use this information during the development of the city's economic development plan. Identifying potential growth industries and directing resources to support their development should be a top priority of the city. Completion of a full cluster analysis will allow city policymakers to target programs and partnerships to bolster industries likely to grow in importance in the coming years. The cluster analysis should take into consideration the potential for employment growth, wages and benefits paid, as well as the relationship between industries in Providence and those in the surrounding region.

Conduct a Long-Term Financial Analysis

The Task Force recommends that the city develop and adopt a comprehensive, long-term (at least ten years) fiscal program and vision for the city's future so that its current and prospective residents, businesses, and institutions will have the confidence to invest in and grow within the city. This program must take into account expenses, revenues, capital and infrastructure needs, the benefits of regionalization and privatization, and future growth. The plan would also establish a strategy for bringing real estate and other taxes in line with comparable regional cities – so that Providence can be both competitive and attractive. To this end, the city should retain an experienced national firm to build a financial model and a strategy with specific options and strategies so that the city can make rational choices to successfully grow out of its fiscal crisis. This model will also allow the city to identify the assistance that it will need from the

State and Federal governments, employees, suppliers, residents, businesses, and institutions. The cost of this effort should be borne by all stakeholders – including the city, the state, the business community, and the city's institutions.

Create a Council of Economic Advisors

The Task Force also recommends that Providence establish a Council of Economic Advisors that can provide regular economic policy advice to city policymakers. The Council should also produce a written report at the beginning of each mayoral administration that includes an analysis of economic conditions and an organizational review of the city's economic development structure along with an inventory of existing programs and incentives. Membership of the Council should consist of nine members including the city's Director of Finance, Director of Planning and Development, Director of Economic Development, and six members of the public with specific experience in business, economics, research, and related training. The Council should also include members of the business community and organizations like the Greater Providence Chamber of Commerce should be allowed to select a representative on the Council. See Appendix C for a sample ordinance establishing a Council of Economic Advisors.

Reform Tax Stabilization Agreements

The Task Force recommends that Providence enact reforms of the city's policy for entering into Tax Stabilization Agreements with property owners. Tax stabilization is one of the most powerful economic development tools at the city's disposal because it incentivizes development with little risk to the existing tax base, potentially grows the future tax base, and does not require direct expenditures. Ensuring a fair, transparent, and predictable process will help to maximize the potential benefits that tax stabilization offers. Described in full detail in the action steps that follow, the key components of the Task Force's recommended tax stabilization process include administrative approval, specific criteria as established by the City Council that must be met by projects to qualify for consideration, and offering the same agreement to all projects that meet such criteria.

111 Westminster Street

The Task Force urges state and federal participation in the rehabilitation of the building at 111 Westminster Street and believes that the city should provide support in the form of tax stabilization and other incentives based upon the recommendations in this report. 111 Westminster Street is a key component in the economic development of Downtown Providence and the Task Force encourages collaboration between the several parties with a stake in rehabilitating the property.

In addition to these substantive recommendations, the next section contains specific action steps that the Task Force recommends the city implement to increase economic development.

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Action Steps

Vision Statement #1: Providence should be a place that has a tax and regulatory environment conducive to economic growth.	
Recommendation	**Note**
Create an industry-based economic development plan at the start of each mayoral administration. The plan should take into account the economic development tools at the city's disposal and how to align them in a common direction to build upon existing strengths. A new planning council should be established to produce this economic plan.	See sample ordinance in Appendix C for additional details.
Develop and adopt a comprehensive, long-term (at least ten years) fiscal program and vision for the city's future so that its current and prospective residents, businesses, and institutions will have the confidence to invest in and grow within the city. This program must take into account expenses, revenues, capital and infrastructure needs, the benefits of regionalization and privatization, and future growth. The plan would also establish a strategy for bringing real estate and other taxes in line with comparable regional cities – so that Providence can be both competitive and attractive.	The city should retain an experienced national firm to build a financial model and a strategy with specific options and actions so that the city can make rational choices to successfully grow out of its fiscal crisis. This model will also allow the city to identify the assistance that it will need from the State and Federal governments, employees, suppliers, residents, businesses, and institutions. The cost of this effort should be borne by all stakeholders – including the city, the business community, and the city's institutions.
Establish a Council of Economic Advisors to provide economic policy advice to city policymakers. The Council should produce a written report at the beginning of each mayoral administration that includes an analysis of economic conditions and an organizational review of the city's economic development structure that includes an inventory of existing programs and incentives. The Council should also provide regular economic updates.	See sample ordinance in Appendix C (9 members including Finance Director, Director of Planning and Development, City's Chief Economic Development Officer, and 6 members of the public with specific experience in economics, research, and related training). The Council should also include members of the business community and organizations like the Greater Providence Chamber of Commerce should be allowed to choose a representative on the Council.
Reform the city's tax stabilization policy.	Administrative process: no mayoral/city council approval; duration: 15 years; Tax set according to the following schedule: tax remains constant for first 5 years (i.e. set at the amount owed in year 1 prior to any construction occuring) and tax on the new value resulting from construction is then phased in over the next ten years (10 percent each year); amount of tax owed cannot go below amount paid at beginning of agreement; property is not subject to revaluation; tax rate changes do apply (beginning in year 6 of agreement); eligible property: new construction and rehabilitation of commercial or multi-family residential with a cost of construction of a) at least $500,000 and b) at least 50 percent of the current assessed property value; include exclusions similar to those from state historic tax credits.
Submit legislation to the General Assembly that would share new state tax revenue generated by the growth of non-profits with the communities that they are located in.	

Vision Statement #1: Providence should be a place that has a tax and regulatory environment conducive to economic growth, continued.	
Recommendation	**Note**
Require a fiscal note or economic impact statement to be included with all ordinances introduced which require businesses to take or not take certain actions.	
Require customer service training on an ongoing basis for any city employees dealing with the public.	
Hire an ombudsman/concierge within the Department of Economic Development to help guide businesses through the permitting process.	
Adopt ten year program to: a) Incrementally reduce the commercial property tax rate to a level that makes Providence competitive regionally; b) Freeze commercial rates until the reduction begins; c) Have the Council of Economic Advisors consider establishing a rate for multi-family residential property with more than 5 dwelling units.	
Establish time limits for permit review and allow developers the option to use their own architect/engineer for review.	

Vision Statement #2. Providence should be a place that is an attractive and affordable place to live with a high quality of life.
Recommendation
Support and encourage public-private partnerships with the community groups focused on improving the city's public parks/spaces.
Encourage improvements to the public transit system to foster economic development.
Increase housing opportunities in Downtown Providence that are affordable to different groups of people.
Improve the walkability of the city through enhanced bike paths and fixing sidewalks.
Support multiple transportation hubs throughout Downtown to enhance intermodal connections including a hub at the Providence train station.
Conduct an economic study of the nighttime economy, including the question of individuals under 21 years old at nighttime facilities, and develop an implementation plan.
Seek to incentivize residential density and amenities (retail, dining, arts) in Downtown as a basis for growth in the Knowledge District

Vision Statement #3. Providence should be a place that is a global leader in knowledge-based industries and nurtures innovators and entrepreneurs.
Recommendation
Conduct a full cluster and industry intersection analysis to identify industries with potential for employment growth and utilize this analysis to develop economic policy and strategy.
Develop a strategy for marketing the city and attracting businesses to locate here based on the results of the city's cluster analyis.
Provide funding to start-ups in the city utilizing the city's cluster analysis to identify industries likely to increase employment.
Explore the feasibility of creating a new development fund based on the model used in Pittsburgh.
Actively support the development of the 195 land through the incentives mentioned in this report.
Support development of the South Street Station project.
Encourage full funding of the state PILOT program and support increased revenue sharing resulting from the growth of non-profits.
Providence should participate in the Greater RI website (www.greaterri.com) to promote the city by including listings of available buildings and having a page dedicated to promoting just Providence. The city should also work with local real estate owners to help develop low-cost start-up space for entrepreneurs and new small businesses.

Vision Statement 4. Providence should be a place that is home to a skilled workforce ready to compete in the global economy and provides economic opportunity for all groups of people.
Recommendation
Inventory existing workforce training and internship programs.
Utilize CCRI as a hub of workforce training specific to the needs of employers in Rhode Island.
Improve vocational education opportunities and availability in Providence with a focus on the needs of employers in Rhode Island. Partner with local business associations by using the Worcester model.
Create and expand existing partnerships with city institutions of higher education to create co-op/internships that allow students to work for local companies, non-profits, and government as part of their course of study.
Make Workforce Board of Providence/Cranston the lead trainer and connect it with First Source and public school system.
Work with RIDE to improve the physical state of Providence Public Schools. Work with the state of Rhode Island/RIDE to bolster the Housing Aid (school construction) program for capital improvements in schools; Work with the state of Rhode Island/RIDEM to revisit state siting guidelines for schools, that may inhibit construction of alternate education options.

Vision Statement #5. Providence should be a place that includes 111 Westminster Street as a key component of the economic development of the city.
Recommendation
We urge: a) State and Federal participation in the rehabilitation of historic properties like 111 Westminster Street; and b) The provision of city support in the form of a Tax Stabilization Agreement if the project qualifies based on the criteria that we outline in this report.

City of Providence Task Force on Economic Development
Full Report

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Introduction and Methodology

On May 27, 2013, the Providence City Council (the "Council") approved a resolution establishing a 15-member City of Providence Task Force on Economic Development (the "Task Force"). As stated in the resolution, the Task Force's mission was:

- Recommending an implementation plan for identified economic development strategies for Providence, taking into account current assets, challenges, and opportunities for long-term growth and stability;
- Benchmarking and setting goals for funding priorities, including Downtown and neighborhood-based economic development opportunities; and
- Studying and making recommendations regarding the future of 111 Westminster, including reviewing the economic impact, examining and recommending various options, and financing.

The Rhode Island Public Expenditure Council (RIPEC) was hired to provide research and data on the city's economy and to write a final report outlining the Task Force's findings and recommendations. RIPEC also assisted the Task Force by facilitating discussion during public meetings, briefing the Task Force on policy issues, and providing relevant reports and other documents. A complete schedule of the public meetings that were held and a list of the documents provided to the Task Force is included in the Appendix.

In addition to this Introduction, the report includes six sections:

- An "Executive Summary" summarizing the key findings and recommendations in the report;
- The "Overview and Recommendations" section provides a brief history of Providence and presents the Task Force's proposed economic vision statement for Providence and other recommendations to aid economic development in the city;
- The "Demographic Data" section presents key demographic and economic statistics for Providence County;
- The "Providence Economic Development System" section describes the governmental agencies responsible for economic development in Providence and the programs that they currently administer;
- A "111 Westminster Street" section is devoted entirely to issues surrounding the building commonly known as the "Superman Building;"
- An "Appendix" consisting of supplemental data, including an industry-analysis for Providence, sample ordinances, and a model of the tax stabilization agreement proposal made in this report.

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Overview and Recommendations

Overview

Providence was founded in 1636 by the religious dissident Roger Williams and first adopted a city charter in 1831. The city encompasses 18.4 square miles of land in Providence County and is the capital city of Rhode Island. It is bordered to the north by the city of Pawtucket and the town of North Providence, to the east by the city of East Providence, to the southeast by the city of Cranston, and to the west by the city of Johnston. Interstate 95 runs north to south through the middle of the city and Interstate 195's western terminus is located in Providence.

As one of the leading cities in North America during the colonial era, Providence initially prospered economically as a center of maritime trade. The city played a leading role in the Industrial Revolution and manufacturing became the dominant economic sector by the middle of the 19th Century. In particular, the city became known for its textile and jewelry manufacturing. Providence, like other post-industrial cities in New England, has seen its manufacturing base decline in recent decades. However, the city remains the center of economic activity in Rhode Island and is home to a number of leading educational institutions, hospitals, and private companies.

Providence continues to experience difficult economic circumstances that began with the Great Recession of 2007-2009 and have persisted to the present time. The city's unemployment rate has consistently remained elevated and shows few signs of improvement. Similarly weak trends are seen across a number of different economic indicators including measures of employment, income, and Gross Domestic Product (GDP). Although all of Rhode Island has suffered from a struggling economy over the past several years, Providence has been hit particularly hard.

In many ways, the economic crisis in Providence is the culmination of trends that began decades before. Since 1990, total employment in Providence County has increased by a mere 2.8 percent; by way of comparison, employment across the United States increased by 28.9 percent since the same year. Even in 2006, just prior to the onset of the recession, employment was only 5.0 percent higher in the county than it had been in 1990. Similarly, the county's GDP, a measure of the total output of a region's economy, has averaged an annual growth rate of 1.63 percent since 1990 compared to 2.25 percent nationally.

Providence, like many other former industrial cities across New England, has seen a sharp decline in manufacturing employment over the past two decades. In 1990, the manufacturing sector accounted for 18.7 percent of all employment across Providence County. By 2012, only 6.5 percent of all employment was in the manufacturing sector, a loss of over 40,000 jobs. The loss of these jobs, which had provided middle-class incomes to many families for decades, is still being felt in Providence today.

Although the economy in Providence remains in anemic condition, the city does have several assets that can potentially form the basis of future economic growth. For example, the city is home to world-class academic and research institutions as well as leading hospitals. Moreover, relocating Interstate 195 away from Downtown Providence has opened up valuable new land for development in the heart of the city. The City's vibrant arts community, its historic neighborhoods, its waterfront, its easy accessibility to Newport, Narragansett Bay, and spectacular beaches, and its proximity to Boston and New York City provide further opportunities for growth. These assets, amongst many others, provide Providence with a platform by which it can thrive economically.

Recommendations

The Task Force recommends that the city adopt an economic vision statement and proposes the following vision statement as a starting point for further discussions:

Providence should be a place that...

1. Has a tax and regulatory environment conducive to economic growth
2. Is an attractive and affordable place to live with a high quality of life
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Conduct a Long-Term Financial Analysis

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The Task Force recommends that Providence enact reforms of the city's policy for entering into Tax Stabilization Agreements with property owners. Tax stabilization is one of the most powerful economic development tools at the city's disposal because it incentivizes development with little risk to the existing tax base and does not require direct expenditures. Ensuring a fair, transparent, and predictable process will help to maximize the potential benefits that tax stabilization offers. Described in full detail in the action steps that follow, the key components of the Task Force's recommended tax stabilization process include administrative approval, specific criteria as established by the City Council that must be met by projects to qualify for consideration, and offering the same agreement to all projects that meet such criteria.

111 Westminster Street

The Task Force urges state and federal participation in the rehabilitation of the building at 111 Westminster Street and believes that the city should provide support in the form of tax stabilization and other incentives based upon the recommendations in this report. 111 Westminster Street is a key component in the economic development of Downtown Providence and the Task Force encourages collaboration between the several parties with a stake in rehabilitating the property.

Action Steps

Vision Statement #1: Providence should be a place that has a tax and regulatory environment conducive to economic growth.	
Recommendation	**Note**
Create an industry-based economic development plan at the start of each mayoral administration. The plan should take into account the economic development tools at the city's disposal and how to align them in a common direction to build upon existing strengths. A new planning council should be established to produce this economic plan.	See sample ordinance in Appendix C for additional details.
Develop and adopt a comprehensive, long-term (at least ten years) fiscal program and vision for the city's future so that its current and prospective residents, businesses, and institutions will have the confidence to invest in and grow within the city. This program must take into account expenses, revenues, capital and infrastructure needs, the benefits of regionalization and privatization, and future growth. The plan would also establish a strategy for bringing real estate and other taxes in line with comparable regional cities – so that Providence can be both competitive and attractive.	The city should retain an experienced national firm to build a financial model and a strategy with specific options and actions so that the city can make rational choices to successfully grow out of its fiscal crisis. This model will also allow the city to identify the assistance that it will need from the State and Federal governments, employees, suppliers, residents, businesses, and institutions. The cost of this effort should be borne by all stakeholders – including the city, the business community, and the city's institutions.
Establish a Council of Economic Advisors to provide economic policy advice to city policymakers. The Council should produce a written report at the beginning of each mayoral administration that includes an analysis of economic conditions and an organizational review of the city's economic development structure that includes an inventory of existing programs and incentives. The Council should also provide regular economic updates.	See sample ordinance in Appendix C (9 members including Finance Director, Director of Planning and Development, City's Chief Economic Development Officer, and 6 members of the public with specific experience in economics, research, and related training). The Council should also include members of the business community and organizations like the Greater Providence Chamber of Commerce should be allowed to choose a representative on the Council.
Reform the city's tax stabilization policy.	Administrative process: no mayoral/city council approval; duration: 15 years; Tax set according to the following schedule: tax remains constant for first 5 years (i.e. set at the amount owed in year 1 prior to any construction occuring) and tax on the new value resulting from construction is then phased in over the next ten years (10 percent each year); amount of tax owed cannot go below amount paid at beginning of agreement; property is not subject to revaluation; tax rate changes do apply (beginning in year 6 of agreement); eligible property: new construction and rehabilitation of commercial or multi-family residential with a cost of construction of a) at least $500,000 and b) at least 50 percent of the current assessed property value; include exclusions similar to those from state historic tax credits.
Submit legislation to the General Assembly that would share new state tax revenue generated by the growth of non-profits with the communities that they are located in.	

Vision Statement #1: Providence should be a place that has a tax and regulatory environment conducive to economic growth, continued.	
Recommendation	**Note**
Require a fiscal note or economic impact statement to be included with all ordinances introduced which require businesses to take or not take certain actions.	
Require customer service training on an ongoing basis for any city employees dealing with the public.	
Hire an ombudsman/concierge within the Department of Economic Development to help guide businesses through the permitting process.	
Adopt ten year program to: a) Incrementally reduce the commercial property tax rate to a level that makes Providence competitive regionally; b) Freeze commercial rates until the reduction begins; c) Have the Council of Economic Advisors consider establishing a rate for multi-family residential property with more than 5 dwelling units.	
Establish time limits for permit review and allow developers the option to use their own architect/engineer for review.	

Vision Statement #2. Providence should be a place that is an attractive and affordable place to live with a high quality of life.
Recommendation
Support and encourage public-private partnerships with the community groups focused on improving the city's public parks/spaces.
Encourage improvements to the public transit system to foster economic development.
Increase housing opportunities in Downtown Providence that are affordable to different groups of people.
Improve the walkability of the city through enhanced bike paths and fixing sidewalks.
Support multiple transportation hubs throughout Downtown to enhance intermodal connections including a hub at the Providence train station.
Conduct an economic study of the nighttime economy, including the question of individuals under 21 years old at nighttime facilities, and develop an implementation plan.
Seek to incentivize residential density and amenities (retail, dining, arts) in Downtown as a basis for growth in the Knowledge District.

Vision Statement #3. Providence should be a place that is a global leader in knowledge-based industries and nurtures innovators and entrepreneurs.
Recommendation
Conduct a full cluster and industry intersection analysis to identify industries with potential for employment growth and utilize this analysis to develop economic policy and strategy.
Develop a strategy for marketing the city and attracting businesses to locate here based on the results of the city's cluster analyis.
Provide funding to start-ups in the city utilizing the city's cluster analysis to identify industries likely to increase employment.
Explore the feasibility of creating a new development fund based on the model used in Pittsburgh.
Actively support the development of the 195 land through the incentives mentioned in this report.
Support development of the South Street Station project.
Encourage full funding of the state PILOT program and support increased revenue sharing resulting from the growth of non-profits.
Providence should participate in the Greater RI website (www.greaterri.com) to promote the city by including listings of available buildings and having a page dedicated to promoting just Providence. The city should also work with local real estate owners to help develop low-cost start-up space for entrepreneurs and new small businesses.

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Recommendation
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Utilize CCRI as a hub of workforce training specific to the needs of employers in Rhode Island.
Improve vocational education opportunities and availability in Providence with a focus on the needs of employers in Rhode Island. Partner with local business associations by using the Worcester model.
Create and expand existing partnerships with city institutions of higher education to create co-op/internships that allow students to work for local companies, non-profits, and government as part of their course of study.
Make Workforce Board of Providence/Cranston the lead trainer and connect it with First Source and public school system.
Work with RIDE to improve the physical state of Providence Public Schools. Work with the state of Rhode Island/RIDE to bolster the Housing Aid (school construction) program for capital improvements in schools; Work with the state of Rhode Island/RIDEM to revisit state siting guidelines for schools, that may inhibit construction of alternate education options.

Vision Statement #5. Providence should be a place that includes 111 Westminster Street as a key component of the economic development of the city.
Recommendation
We urge: a) State and Federal participation in the rehabilitation of historic properties like 111 Westminster Street; and b) The provision of city support in the form of a Tax Stabilization Agreement if the project qualifies based on the criteria that we outline in this report.

Demographic Data

To diagnose the current state of Providence's economy, this section provides an analysis of several demographic and economic statistics. Data provided by Regional Economic Models, Inc. (REMI) was available for the eight counties that comprise the Providence-Fall River-New Bedford, RI-MA Metropolitan Statistical Area (MSA). The U.S. Office of Management and Budget (OMB) designates MSAs based on geography; each consists of an urban core with a population over 50,000 people and the surrounding area with strong economic ties to the urban core. In this instance, the Providence-Fall River-New Bedford, RI-MA MSA includes all five counties in Rhode Island (Providence, Kent, Washington, Newport, Bristol) and three counties in nearby Massachusetts (Bristol, Norfolk, Worcester). RIPEC also had access to statewide data for Rhode Island and national data for the United States.

The data used throughout this section is provided by REMI and encompasses the entirety of Providence County. However, some data specific to the city of Providence was available through other publicly accessible sources. The U.S. Census Bureau's American Community Survey (ACS) provides five-year estimates for numerous demographic and economic statistics for individual municipalities. Table 1 presents ACS data for Providence based on the five-year estimate for 2008-2012. Additional city data can be found in the Appendix.

Table 1
Selected City of Providence Demographics

Population	178,175
Ethnicity	37.4% White; 62.6% Minority
Median Household Income (2012 $)	$38,243
Unemployment Rate*	12.4%
% High School Graduate or Above	72.9%
% Bachelor's Degree or Above	28.3%

SOURCE: American Community Survey (2008-2012 five-year estimate); RI Department of Labor and Training
*2012 Average

The city of Providence is the county seat for Providence County, which also includes the cities of Central Falls, Cranston, East Providence, Johnston, Pawtucket, and Woonsocket, and the towns of Burrillville, Cumberland, Foster, Gloucester, Lincoln, North Providence, North Smithfield, Scituate, and Smithfield. The U.S. Census Bureau's Providence-New Bedford-Fall River, RI-MA Metropolitan Statistical Area (MSA) is anchored by Providence and includes the five counties of Rhode Island and three counties in Southeastern Massachusetts.

There are ten economic and demographic statistics for Providence County included in this section; each variable includes a definition, data source, data for 1990 and 2012, and a short analysis of how Providence County compares to the Rhode Island statewide and national averages. In addition, some variables include the percent change that occurred from 1990 to 2012 and/or REMI model projections to 2020.

Population

The population statistic used by REMI is the U.S. Census Bureau's midyear estimate of the number of people living in a geographic area. The estimate, which is made on July 1 of each year, takes into account the number of survivors from the previous year, new births, changes in special populations such as college students, and the net effects of migration.

Table 2
National, State, and Local Population (1990, 2012 and 2020)

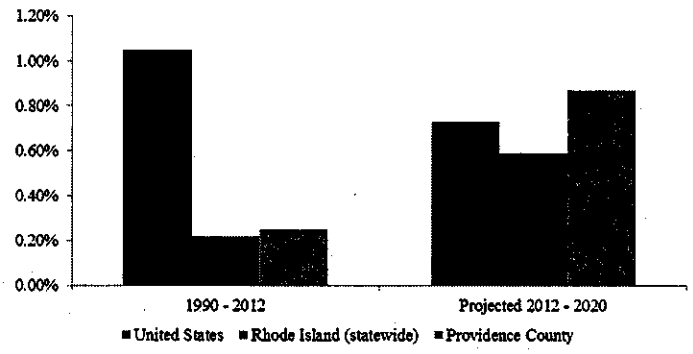
	Population (1990)	Population (2012)	Projected Population (2020)
United States	249,620,823	313,864,412	332,721,068
Rhode Island (statewide)	1,005,995	1,055,508	1,106,668
Providence County	597,701	631,155	676,253

SOURCE: U.S. Census Bureau; Regional Economic Modeling, Inc.

From 1990 to 2012, population growth in Providence County and in Rhode Island lagged behind the national average. The population of the United States increased at a rate of 1.05 percent per year during that same time period while Providence County grew at a rate of 0.25 percent per year and Rhode Island grew at a rate of 0.22 percent per year. Notably, Providence County lost population each year from 2005 to 2009, as well as in 2011.

REMI projects that the national population will grow at a rate of 0.73 percent per year from 2012 to 2020, compared to a projected growth rate of 0.87 percent per year for Providence County and 0.59 percent per year for Rhode Island. This projection indicates that Providence County will reverse recent trends and experience more rapid population growth than the national average.

Chart 1
Average Annual Population Change, 1990 - 2020



SOURCE: U.S. Census Bureau; Regional Economic Models, Inc.; RIPEC Calculations

Population by Ethnicity

The population by ethnicity demographic uses U.S. Census Bureau data to measure the ethnic composition of the population. Individuals are classified in one of four categories: White Non-Hispanic, Black, Hispanic, and other Non-Hispanic. In 2012, the national population of the United States was approximately 63.0 percent White, Non-Hispanic and 37.0 percent Minority (Black, Hispanic, and other Non-Hispanic combined). Providence County's ethnic composition was similar to the nation as a whole, at 66.0 percent White, Non-Hispanic and 34.1 percent

Minority in 2012. Statewide, the population of Rhode Island was 76.1 percent White, Non-Hispanic and 23.9 percent Minority in 2012.

Table 3
National, State, and Local Population by Ethnicity (2012)

	Percent of Population White, Non-Hispanic (2012)	Percent of Population Minority (2012)
United States	63.0%	37.0%
Rhode Island (statewide)	76.1%	23.9%
Providence County	66.0%	34.1%

SOURCE: U.S. Census Bureau; Regional Economic Models, Inc.

Population by Educational Attainment

The population by educational attainment variable uses Census Bureau data to measure the highest level of education completed by all members of the population aged 25 years or older.[12] According to 2008-2012 5-year estimates from the Census Bureau's American Community Survey, 80.2 percent of individuals aged 25 or older living in Providence County have earned a high school diploma or equivalency and 25.9 percent have earned a Bachelor's Degree or more advanced degree. Statewide in Rhode Island, 84.8 percent of the population aged 25 or older has received at least a high school diploma or equivalency and 30.8 percent of the state's population has received a Bachelor's Degree or above. Nationally, 85.7 percent of the population has a high school diploma or equivalency and 28.5 percent has received a Bachelor's Degree or above.

Table 4
National, State, and Local Population by Educational Attainment

	Percent of Population with High School Diploma or Equivalency* (2008-2012)	Percent of Population with Bachelor's Degree or Above* (2008-2012)
United States	85.7%	28.5%
Rhode Island (statewide)	84.8%	30.8%
Providence County	80.2%	25.9%

* Population 25 and older

SOURCE: U.S. Census Bureau, American Community Survey (2008-2012 five-year estimate)

Migration

The migration statistic used by REMI measures the net change in the number of people entering a geographic area and is comprised of three variables: economic migrants, retired migrants, and international migrants. Economic migrants are individuals under age 65 who move to a different location in response to economic and amenity factors; REMI calculates this number based on employment opportunity and compensation rates in an area. Retired migrants represent individuals over age 65 that move to another location and are calculated using Census Bureau data. International migrants are individuals that move to a location from a nation other than the United States and the number is calculated using Census Bureau immigration data.

[1] http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_12_5YR_DP02
[2] *www.ers.usda.gov/dataFiles/**CountyLevelDatasets/Education**.xls*

In 2012, Providence County's population increased by a net of 2,276 people resulting from migration. This includes a net gain of 555 economic migrants, a net loss of 23 retired migrants, and a net gain of 1,744 international migrants. By comparison, Rhode Island's statewide population increased by a net of 2,412 people in 2012 due to migration. This total consists of a net gain of 543 economic migrants, a net loss of 143 retired migrants, and a net gain of 2,014 international migrants.

Size of Labor Force

The labor force measurement provides data on the total number of people who are currently employed or actively seeking work using U.S. Census Bureau and Bureau of Labor Statistics data. This variable seeks to account for retirees, children, and other individuals in the population that are not seeking employment. The size of Providence County's labor force in 2012 was 326,337 people, which is a 6.1 percent increase over the 1990 labor force of 307,635 people. The size of the county's labor force is projected by REMI to rise to 345,652 by 2020, an increase of 5.9 percent over 2012.

The size of Rhode Island's labor force increased from 525,853 people in 1990 to 565,298 people in 2012, representing an increase of 7.5 percent over that time period. The state's labor force is projected to increase to 586,749 people by 2020, an increase of 3.8 percent. Nationally, the labor force numbered 125,916,189 in 1990 and increased by 23.7 percent to 155,692,373 in 2012. REMI projects that the national labor force will increase by an additional 5.9 percent to number 164,852,554 by 2020.

Total Employment

The total employment statistic is an estimate of number of jobs that exist in a geographic region based on data from the Bureau of Economic Analysis and Bureau of Labor Statistics. The employment statistic includes private and public workers, including farm workers. Full-time and part-time jobs receive equal weight in the measurement, which also includes sole proprietors and active partners but does not include unpaid family workers and volunteers. The total employment in Providence County numbered 349,668 jobs in 2012. This represents an increase of 2.8% over the 1990 total of 340,072 jobs that were located

Table 5
National, State, and Local Percent Change in Employment

	Percent Change in Total Employment (1990 – 2012)	Projected Percent Change in Total Employment (2012 – 2020)
United States	28.9%	14.1%
Rhode Island (statewide)	8.4%	16.3%
Providence County	2.8%	17.9%

SOURCE: Bureau of Economic Analysis; Regional Economic Models, Inc.; RIPEC calculations

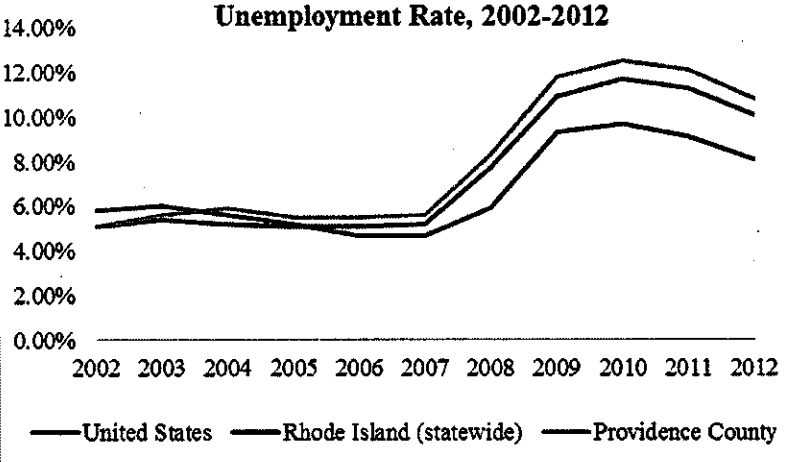
in the county. Providence County is projected to be home to 412,378 jobs by 2020, which would be an increase of 17.9% from 2012.

Across all of Rhode Island, total employment increased from 550,458 jobs in 1990 to 596,835 jobs in 2012, an increase of 8.4%. Total employment is projected to rise to 694,200 by 2020, a projected increase of 16.3%.

Unemployment Rate

The unemployment rate is a statistic measuring the percentage of the labor force that is not employed but would like to be and is actively seeking work. The statistic is calculated using data from the Bureau of Economic Analysis and Bureau of Labor Statistics. In 2012, the unemployment rate in Providence County averaged 10.8%, higher than the 6.6% unemployment rate in 1990. The county is projected to see the unemployment rate decrease to 6.3% by 2020.

Chart 2
Unemployment Rate, 2002-2012



SOURCE: Bureau of Economic Analysis; Bureau of Labor Statistics

Real Personal Income Per Capita

Real personal income per capita is a measure of all personal income in a region divided by the region's population and adjusted for inflation calculated with data from the Bureau of Economic Analysis. The real personal income per capita for individuals living in Providence County in 2012 was $36,483 in fixed 2005 dollars. This is an increase compared to the 1990 level of $27,961 and it is projected by REMI to continue to increase to $42,977 in 2020. Providence County's real personal income per capita in 2012 is slightly less than the national average of $36,892. However, the county is below the Rhode Island statewide level of $39,449.

Table 6

National, State, and Local Real Per Capita Personal Income, (2012; in Fixed 2005 Dollars)

United States	$36,892
Rhode Island (Statewide)	$39,449
Providence County	$36,483

SOURCE: Bureau of Economic Analysis; Regional Economic Models, Inc.

Gross Domestic Product

Gross Domestic Product (GDP) is a measure of the total economic output of a geographic area and is calculated using data from the Bureau of Economic Analysis. Providence County's GDP grew at an average annual rate of 1.63 percent from 1990 to 2012. This is slightly less than the 1.80 percent average annual rate that Rhode Island's statewide GDP grew over the same time period. From 1990 to 2012, both Providence County and Rhode Island's statewide GDP grew at a slower rate than the average annual rate of 2.25 percent nationally.

Table 7
National, State, and Local Gross Domestic Product (GDP) Change, 1990-2012

	Average Annual Change in GDP (1990-2012)	Overall Change in GDP (1990-2012)
United States	2.3%	62.6%
Rhode Island (statewide)	1.8%	47.1%
Providence County	1.6%	41.9%

SOURCE: Bureau of Economic Analysis; Regional Economic Models Inc.; RIPEC calculations

Employment by Economic Sector

The employment by economic sector statistic measures the percentage of total employment for each NAICS economic sector using Bureau of Economic Analysis data. The percentage presented for each sector represents the number of individuals employed in that sector divided by total employment. In 1990, the Manufacturing sector accounted for the largest percentage of employment at 18.70 percent. This changed by 2012 when the sector comprising the largest percentage of total employment was Health Care and Social Assistance, accounting for 17.37 percent of employment in Providence County. By 2020, the Health Care and Social Assistance sector is projected by REMI to account for 18.45 percent of all employment in the county.

As Table 8 demonstrates, there has been an overall shift in employment among Rhode Islanders away from the Manufacturing sector and towards service industries since 1990. The Health Care and Social Assistance sector has seen the greatest increase in its share of total employment since that time. Other service industries, such as Educational Services, Accommodation and Food Services, and Professional, Scientific, and Technical Services have also seen increases. A more detailed analysis of employment trends in Providence County can be found in the Appendix.

Table 8

Providence County Employment by NAICS, Sorted by Percent of Total 2012 Employment

NAICS Economic Sector (Code)	Percent of Total Employment (1990)	Percent of Total Employment (2012)	Percent of Total Employment (Projected 2020)
Health Care and Social Assistance (62)	13.0%	17.4%	18.5%
Government Employment	11.8%	10.6%	9.0%
Retail Trade (44-45)	9.5%	8.3%	8.2%
Accommodation and Food Services (72)	4.8%	6.7%	6.7%
Manufacturing (31-33)	18.7%	6.5%	5.9%
Administrative and Waste Management Services (56)	5.4%	6.5%	6.7%
Educational Services (61)	3.9%	6.5%	6.4%
Finance and Insurance (52)	5.8%	6.2%	6.0%
Professional, Scientific, and Technical Services (54)	4.7%	6.0%	6.3%
Other Services, Except Public Administration (81)	4.3%	4.9%	4.9%
Construction (23)	4.6%	4.5%	6.3%
Real Estate and Rental and Leasing (53)	2.2%	3.7%	3.4%
Wholesale Trade (42)	3.8%	3.3%	3.2%
Information (51)	2.7%	2.3%	2.0%
Arts, Entertainment, and Recreation (71)	1.5%	2.2%	2.2%
Management of Companies and Enterprises (55)	1.1%	2.0%	1.9%
Transportation and Warehousing (48-49)	1.6%	2.0%	2.1%
Utilities (22)	0.4%	0.3%	0.2%
Forestry, Fishing, and Related Activities (113-115)	0.1%	0.1%	0.1%
Mining (21)	0.1%	0.0%	0.1%

SOURCE: Bureau of Economic Analysis; Regional Economic Models Inc.; RIPEC calculations

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Providence Economic Development System

Providence city government has a number of policy tools at its disposal that can be used to spur economic growth. Some policy changes, such as modifying the city's tax code, require legislative approval by the City Council and Mayor. Other policy reforms, such as speeding the permit review process, can be accomplished through administrative action by the Mayor's administration. This section provides an overview of the policy options available and existing economic development programs in Providence.

Legislative Tools

Tax Policy

A significant component of the cost of doing business and economic development in a particular geographic area is tax policy. Like many municipalities, the primary tax collected by Providence is the property tax; the tax rates set for different categories of property can impact the local economy. For instance, high commercial property tax rates may encourage existing businesses to leave Providence or discourage outside businesses from relocating to the city. Conversely, lower property tax rates may make the city a more attractive place for businesses to operate.

Legislative Tools for Economic Development

Tax Policy
Regulatory Policy
Infrastructure Policy
Education Policy
Workforce Development

Table 9
Providence Property Classification and Tax Rates ($ per $1,000 assessed value)

Class of Property	City of Providence Definition	Providence Tax Rate for Payable Year 2013 ($ per $1,000 assessed value)
Class 1	Residential property; open space; dwellings on leased land; mixed residential and commercial/business property (maximum 5 dwelling units)	Owner-occupied: $19.25; Non-owner occupied: $33.75
Class 2	Commercial or Industrial Property; Mixed Residential and Commercial/Business Property (more than 5 dwelling units)	$36.75
Class 3	Ratable Tangible Personal Property	$55.80
Class 4	Motor Vehicles and Trailers	$60.00

SOURCE: Rhode Island General Law; Providence Code of Ordinances

Rhode Island state law establishes four classes of property subject to municipal taxation and institutes limitations on the tax rates for each.[3] Class 1 is defined as residential property with no more than five dwelling units, open space, and dwellings on leased land, such as mobile homes. The statute also includes an exemption for Providence that allows the city to classify residential property with more than five dwelling units and residential property that is partially used for commercial or business purposes under Class 1. State law also provides municipalities with the option of providing a homestead exemption to residents or, alternatively, setting separate tax rates for owner occupied and non-owner occupied property.

Class 2 property is defined by state law as commercial or industrial real estate, residential property used partially for commercial or business purposes, and residential property containing more than five dwelling units. As previously discussed, Providence is the sole municipality allowed to classify certain Class 2 property as being Class 1 property. State law defines Class 3 property as "all ratable tangible personal property." Finally, Class 4 property is defined by the statute as motor vehicles or trailers that are subject to the car excise tax authorized by state law.[4]

For Fiscal Year (FY) 2014, Providence defines Class 1 property as residential real estate (regardless of the number of dwelling units), land classified as open space, dwellings located on leased land, and residential property used partially for commercial or business purposes with no more than five dwelling units.[5] Property with multiple uses is taxed at the Class 1 rate on the portion of the property used for residential purposes and the Class 2 rate on the portion used for commercial or business purposes. In addition, Class 1 is subdivided into owner occupied and non-owner occupied residential property taxed at separate rates; residents may be subject to the owner occupied rate on one property at any given time. Tax rates for Class 1 in FY 2014 are $19.25 per $1,000 assessed value for property designated as owner occupied and $33.75 per $1,000 assessed value for non-owner occupied property. The city is required by state law to allow individuals to pay their tax bill in four equal installments over the course of the year that the tax is due.

The city defines Class 2 property in FY 2014 as commercial and industrial real estate, residential property used partially for commercial or business purposes (applied to the portion of the property used for commercial or business purposes), and residential property with partial commercial or business uses and more than five dwelling units. The FY 2014 tax rate for Class 2 property is $36.75 per $1,000 of assessed value.

[3] RIGL 44-5-11.8
[4] RIGL 44-34-1
[5] As in accordance with exemptions granted to Providence by State Law

Providence defines Class 3 property in FY 2014 as "all ratable tangible personal property." Residents of the city are required to annually submit a form to the Tax Assessor's office declaring all personal property that they own. This property is taxed at a rate of $55.80 per $1,000 of assessed value.

Finally, the city imposes a tax on Class 4 property, which is defined as "motor vehicles and trailers subject to the excise tax created by General Laws, chapter 34 of title 44." For Class 4 property, Providence exempts the first $1,000 of value from the excise tax. Property value above $1,000 is taxed in FY 2014 at a rate of $60.00 per $1,000 of assessed value.

Rhode Island state law requires that municipalities conduct a statistical update of property values every three years and a full physical revaluation within nine years of the most recent revaluation. Statistical updates adjust property values based on depreciation tables, improvements made to property, and new land values. A full revaluation involves adjusting property values based on a physical inspection of property. Thus, the tax burden for residents and businesses in Providence can often change despite rates remaining the same as the previous year.

The City Council and Mayor largely have control over property tax rates in Providence but the actions that they may take are limited by state law. For instance, state law prohibits municipalities from increasing their overall tax levy by more than 4 percent from one year to the next with only minor exemptions. Other provisions in state law regulate the interaction between tax rates for the different property classifications.

How Providence Compares

A comparative analysis conducted by the Lincoln Institute of Land Policy and the Minnesota Center for Fiscal Excellence examined the property tax burden in 53 urban areas located throughout the United States. The study examined property tax burdens for four different types of property: homestead, commercial, industrial, and apartment. For commercial property, the study found that Providence had the highest effective property tax rate out of all 53 urban areas in 2012. With an

Table 10
Comparison of 2012 Effective Tax Rates for Commercial Property at Selected Values

	$100,000	$1,000,000	$25,000,000
Providence, RI	4.24%	4.24%	4.24%
New York, NY	3.21%	3.21%	3.21%
Boston, MA	2.85%	2.85%	2.85%
Portland, ME	1.88%	1.88%	1.88%
Burlington, VT	1.82%	1.82%	1.82%
Manchester, NH	1.88%	1.88%	1.88%
Bridgeport, CT	2.88%	2.88%	2.88%

Source: Lincoln Institute of Land Policy; Minnesota Center for Fiscal Excellence

effective property tax rate of 4.238 percent for commercial property valued at the three levels considered[6], Providence's tax rate was significantly higher than neighboring cities such as Boston (2.846 percent), New York City (3.213 percent), and Portland, Maine (1.882 percent).

In addition to commercial property tax rates, the study also ranked Providence as having the fourth highest effective property tax rate for apartments. With an effective tax rate of 3.546 percent in 2012 on an apartment valued at $600,000 with $30,000 in personal property, Providence only had a lower burden than Des Moines, Iowa (4.612 percent), Detroit, Michigan (4.219 percent), and New York City (3.807 percent).

Table 11
Comparison of 2012 Effective Tax Rates for Industrial Property at Selected Values*

	$200,000	$2,000,000	$50,000,000
Providence, RI	2.26%	2.26%	2.26%
New York, NY	1.93%	1.93%	1.93%
Boston, MA	1.56%	1.56%	1.56%
Portland, ME	1.04%	1.04%	1.04%
Burlington, VT	1.26%	1.26%	1.26%
Manchester, NH	1.13%	1.13%	1.13%
Bridgeport, CT	1.58%	1.58%	1.58%

Source: Lincoln Institute of Land Policy; Minnesota Center for Fiscal Excellence

*Value displayed is 50% real property, 50% personal property

The study also found that Providence's effective property tax rate for industrial property was among the highest in the nation. Two different scenarios were tested to calculate the effective tax rate for industrial property in each urban area. In scenario one, the effective tax rate was calculated for an even split in true market value between real property (land and buildings) and personal property (machinery, equipment, inventory, and fixtures).[7] In scenario two, the effective tax rate was calculated for a 60-40 split between the two types of property whereby 60 percent of the true market value of the property was personal property and 40 percent was real property. Providence was found to have one of the highest effective property tax rates for industrial property among urban areas in each of the two scenarios.

A second study conducted by the District of Columbia Office of Revenue Analysis examined the combined tax burden for a family of three at different income levels in the largest city in each state and the District of Columbia. The analysis considered the impacts of state income taxes, residential property taxes, sales and use taxes, and automobile taxes to calculate an estimate of the combined state and local tax burden in each of the cities. A family of three with a combined gross income of $25,000 living in Providence in 2012 was found to pay 13.5 percent of their income in state and local taxes, tying the city with Houston, Texas for the 21st highest burden out of the 51 cities analyzed.

[6] The study calculated effective tax rates for commercial property valued at $100,000 with $20,000 in personal property, $1,000,000 with $200,000 in personal property, and $25,000,000 with $5,000,000 in personal property.
[7] True Market Value was defined as being the value of a parcel of property in the local real estate market as opposed to the assessed value or estimated market value.

The study found that a family of three living in Providence with a combined gross income of $75,000 paid 13.7 percent of their income in state and local taxes. This was the sixth highest combined tax burden out of the 51 cities included in the analysis. Similarly, the tax burden for a family of three living in Providence with a combined gross income of $150,000 was calculated to be 14.2 percent. This combined tax burden ranked the city seventh highest out of the 51 cities. The study also combined the estimated tax burdens for each of the income levels considered[8] to calculate an overall estimate of the tax burden for each city. By this measure, the study found that Providence has the sixth highest combined tax burden.

Table 12
Estimated 2012 State and Local Tax Burden for Family of Three by Gross Family Income*

	$25,000	$75,000	$150,000
Providence, RI	13.5%	13.7%	14.2%
New York, NY	13.9%	11.6%	13.0%
Boston, MA	14.6%	10.9%	11.0%
Portland, ME	11.2%	13.1%	15.0%
Burlington, VT	1.8%	8.3%	11.8%
Manchester, NH	10.8%	8.9%	8.7%
Bridgeport, CT	16.0%	21.8%	22.1%

Source: District of Columbia Office of Revenue Analysis

*Tax Burden as a percentage of gross income; includes income tax, property tax, sales tax, and automobile tax

It was also possible to separately analyze the residential property tax component from the state taxes included in the report. To determine the residential property tax burden, the study calculated the median house value for a family of three at various income levels in each city based upon data from the 2012 American Community Survey. The residential property tax rate, including any applicable exemptions, was then applied to the median house value in each community. The report noted that a family earning $25,000 per year was assumed to be renting a home and that 20 percent of the rent accounted for paying residential property tax.[9]

Table 13
Estimated 2012 Residential Property Tax Burden for Family of Three by Gross Family Income*

	$25,000	$75,000	$150,000
Providence, RI	8.3%	7.2%	7.2%
New York, NY	9.3%	4.7%	4.8%
Boston, MA	10.2%	4.6%	4.6%
Portland, ME	7.6%	8.1%	8.3%
Burlington, VT	8.9%	4.4%	7.3%
Manchester, NH	8.8%	7.7%	7.7%
Bridgeport, CT	10.7%	14.0%	14.0%

Source: District of Columbia Office of Revenue Analysis; RIPEC Calculations

*Tax Burden as a percentage of gross income; assumes family making $25,000 rents and familes making $75,000 and $150,000 own

According to the report's data, Providence residents at each of the three income levels paid a comparable percentage of gross income in residential property taxes as residents in the

[8] Tax burdens were calculated for a family of three with a combined gross income of $25,000, $50,000, $75,000, $100,000, and $150,000.

[9] Rental values were calculated by adjusting figures from the 2011 Tax Burden Study to 2012 based on inflation

peer cities included in Table 13. For a family of three earning $25,000, the residential property tax burden in Providence was calculated at 8.3 percent, which was the second-lowest rate among the seven cities included in this analysis. For families of three earning $75,000 or $150,000 in 2012, the property tax burden was an identical 7.2 percent. This placed Providence directly in the middle of the seven cities; New York, NY, Boston, MA, and Burlington, VT each had lower property tax burdens while Portland, ME, Manchester, NH, and Bridgeport, CT were each higher.

Tax Stabilization Agreements

The primary tax policy tool used by Providence to promote economic development is the Tax Stabilization Agreement, or TSA, as the city does not actively utilize other tax incentives to support businesses. Under Rhode Island state law, municipalities may enter into agreements with property owners to reduce, or eliminate, property tax payments for up to twenty years. These agreements allow municipal governments to provide financial aid to businesses in the form of lower property tax bills. State law designates property which has "undergone environmental remediation, is historically preserved, or is used for affordable housing, manufacturing, commercial, or residential purposes" as being eligible to enter into a tax stabilization agreement. State law also includes an "anti-poaching" provision which prevents municipalities from utilizing TSAs to lure businesses from another location within Rhode Island.

Initial Years

In 1983, the Providence City Council adopted Section 21-169, the first city ordinance authorizing TSAs for industrial property and seven years later expanded the authority to include residential and commercial property. This ordinance allows the City Council to issue TSAs for property if doing so will:

1. Cause a commercial or industrial concern to locate in the city; or
2. Cause a commercial or industrial concern to replace, reconstruct, expand, or remodel existing buildings and facilities, and thereby increase the tax base in the city; or
3. Cause a commercial or industrial concern to construct new buildings or facilities and thereby increase employment opportunities in the city; or
4. Cause a building formerly utilized for commercial, manufacturing, or residential purposes to be utilized for residential purposes.

The process for receiving a TSA begins with the property owner submitting an application to the Providence Tax Assessor's Office. For existing structures, the application must include a description of the building improvements or alterations that will be made. Proposals that include new structures must include a statement outlining how the building will increase employment in the city. In both cases, the application must also be submitted prior to issuance of a certificate of occupancy, certify that the project construction costs exceed $100,000, and include a fee paid to the city.

Following the application's submittal, the city Building Inspector must certify that the proposed construction does not violate the building code and that the property owner does not have any other code violations for other properties owned in the city. The Tax Collector will then examine city tax records to ensure that the property owner does not owe taxes on any property that he or she owns in the city. After this process is complete, the Tax Assessor will forward the application to the City Council along with certification that each of the requirements has been met. From 1983 to 2010, the City Council would then pass an individual ordinance authorizing the TSA and including the specific terms of the agreement.

Section 21-169(c) of the Providence Code of Ordinances outlines three basic principles that are intended to apply to TSAs approved by the City Council. First, the assessed value of the property is not changed during construction so long as the construction is completed within a "reasonable" timeframe. Second, the tax abatement provided under the TSA cannot exceed 90 percent of the normal tax bill in any particular year. Third, TSAs are to follow a ten-year schedule that begins with a 90 percent tax abatement in year one and declines by 10 percent in each subsequent year so that the property is fully taxed by year ten.

Computer and Telephone TSAs

In 1997, the Providence City Council enacted a TSA program allowing certain businesses to exempt the expense of purchasing new computer or telephone equipment from their personal property tax bill. According to the ordinance establishing the program, any company whose operations consist of at least 85 percent office space is eligible to participate. In addition, the ordinance explicitly bars retail, wholesale, manufacturing, or research and development companies from participation in the program. The process for receiving a TSA under this program is the same as the procedure outlined in Section 21-169. An additional provision specifies that the tax bill for businesses already existing in Providence must increase by at least 10 percent after completion of the improvements and inclusion of the tax exemption provided by the TSA. The ordinance includes two requirements relating to job creation from recipients of TSAs under the program: businesses relocating to the city must create at least one permanent job within 12 months of the agreement for every $75,000 in value exempted from taxes and businesses already located in the city must at least the level of employment in place at the time of the agreement.

Downcity Tax District

In 2001, the City Council established a Downcity tax district consisting of the area bounded by Dorrance, Pine, Empire, and Sabin Streets. Properties located within this district were deemed eligible for TSA consideration if they were more than 50 percent vacant as of December 31, 1999 or if the city Building Inspector certified that they were in need of "significant rehabilitation." Qualifying properties would receive a fixed tax bill equal to the tax assessment

as of December 31, 1998. TSAs issued for property located in the district would be in effect for tax bills from December 31, 2000 until December 31, 2010. However, the Rhode Island General Assembly, which has legal jurisdiction over municipal taxation, enacted legislation in 2010 to extend all TSAs issued under this provision and still in effect for an additional five years.

Exterior Lighting TSAs

The City Council established a TSA program in 2001 to promote the installation of exterior lighting on residential, commercial, or industrial property. Property owners seeking the TSA under this program were required to submit a plan to the city displaying the lighting improvements to be made and meeting several objectives as specified in Section 21-170 of the Providence Code of Ordinances. The process for receiving a TSA under this program is the same as that outlined under Section 21-169. If approved, the tax abatement was to be no more than 50 percent of the project cost up to a maximum of $75,000. Further, the abatement was not to exceed 15 percent of the assessed value of a residential property or 10 percent of a commercial or industrial property. The ordinance establishing the program contained a sunset provision stating that applications submitted after December 31, 2003 would not be considered.

2002 TSA Expansion

In 2002, the City Council established a new TSA program in Section 21-172 in an attempt to spur development of the city's former mills and in the Arts and Entertainment District. Eligible properties are former mills listed on the city's landmark list or structures located in the city's Arts and Entertainment District, defined as the area between Westminster, Washington, Empire, and Dorrance Streets. To qualify, the Building Inspector had to certify that the structure requires "substantial rehabilitation" to be occupied; this term is defined as building improvements that meet building and fire codes, extend to all floors of the structure that can be occupied, and exceed 50 percent of the "replacement value" of the building. TSA applicants under this provision were required follow the same process outlined in Section 21-169. According to Section 21-172, TSAs enacted under this provision fix the property tax assessment at the same level as on December 31, 2000. Building renovations were required to begin by December 31, 2005 to continue receiving the tax abatement and the TSAs expired on December 31, 2011.

2011 TSAs for Designated Properties

The City Council established a new TSA program with a markedly different approval process from previous programs when it approved Section 21-235 in 2011. Under this program, property owners wishing to be considered for a TSA were to submit applications to the City Assessor in much the same way as under Section 21-169. The Tax Assessor would forward the application to the Director of Inspections and Standards, Tax Collector, and Director of Planning and Development for their review. The Tax Assessor was then directed to enter into a TSA with the first ten applications to receive the approval of each of these individuals. Thus, the City Council was no longer involved in the final approval of each TSA.

Property eligible to be considered under this program included any building listed on the Providence Industrial and Commercial Buildings District, a local historic district, the jewelry manufacturing district, a national historic district, and any building located in the Arts and Entertainment District (now defined as being located between Empire Street, Sabin Street, Exchange Terrace, Memorial Boulevard, and Friendship Street). The terms of the TSAs issued under this program were twelve-year agreements with a reduced tax assessment equal to the lower of 35 cents per square foot or the assessment that existed on December 31, 2010.

Regulatory Policy

A second policy-related factor impacting economic development in Providence is the regulatory climate that businesses encounter in the city. Businesses wishing to operate in Providence are subject to different types of regulation such as zoning restrictions, license requirements, and permit applications. Though regulation plays an important public role in setting standards for health and safety, it has the potential to negatively impact the city's economy if implementation is overly burdensome, difficult to comply with, or unpredictable. City departments promulgate rules and regulations pursuant to ordinances approved by the City Council and Mayor; the departments most responsible for regulatory actions impacting economic development are described later in this section.

Since taking office, Mayor Angel Taveras has made regulatory reform an important component of his economic development plan. A particular focus has been placed on reducing the amount of time that it takes for a business to receive permit approval from the city. To support this goal, the city has recently created an online portal that allows individuals to submit permit applications, check the status of pending permit requests, and pay required fees. In addition, the city now offers expedited reviews of permit applications for small projects that cost less than $100,000. According to data provided by the Taveras Administration, the average wait time for permit approval decreased from 16.8 days in December 2012/January 2013 to 2.7 days in December 2013/January 2014 as a result of these and other reforms.

Infrastructure Policy

Providence is responsible for the construction and maintenance of infrastructure that is vital to the city's economy. The state government plays a major role in funding and overseeing certain infrastructure systems, such as the highways that pass through Providence and the Rhode Island Public Transportation Authority (RIPTA). However, city government must provide other essential forms of infrastructure. Public schools, sewer systems, drinking water, police and fire protection, and municipal roads and bridges are among the services that Providence must operate. Underinvestment or failure to adequately maintain these core programs can negatively impact economic development in the city.

A recent infrastructure proposal made by Mayor Angel Taveras, RIPTA, and other stakeholders involves relocating the RIPTA bus terminal from its current location in Kennedy Plaza to two new hubs located at the Providence Amtrak station and near the Garrahy Judicial Complex. The goal of the proposal is to make Kennedy Plaza a friendlier pedestrian destination and to improve the surrounding Downtown area. In his state budget proposal for Fiscal Year 2015, Governor Lincoln Chafee included a $40 million bond request that would be used to establish these two new hubs and make other improvements to mass transit throughout the state.

Education Policy

One of the most powerful tools available to Providence for long-term economic development is the public school system. Educating tomorrow's workforce is vital to ensuring that businesses seeking to operate in the city can find laborers with the skills that they require. Because education policy is such a large topic of discussion, this report does not go into great detail. However, an effective public school system remains an important consideration for long-term economic growth.

Workforce Development

Similar to education policy, Providence is also involved in efforts to provide necessary skills and training to ensure that adult workers can find jobs. An oft-discussed topic in Providence is the "skills gap" that exists between the skills required by employers and the skills possessed by workers. To attempt to address this issue, the city operates the *First Source | Hire Providence* program; this program, which is discussed at greater length later in this section of the report, is authorized to run training programs for residents of the city. In addition, Workforce Solutions of Providence/Cranston, jointly operated by the cities of Providence and Cranston and overseen by the State Workforce Investment Board, offers training opportunities to the city's residents by utilizing funds from the federal Workforce Investment Act.

Providence Department of Economic Development

Efforts by the City of Providence to promote economic development are centered in the Department of Economic Development. James Bennett is the current Director of Economic Development, serving in that role since August of 2011. The Department of Economic Development oversees the city's Department of Planning and Development, Department of Inspections and Standards, Department of Arts, Culture + Tourism, Board of Licenses, and the Workforce Development Board. The Director of Economic Development serves as the "chief salesman" responsible for recruiting businesses to the city.

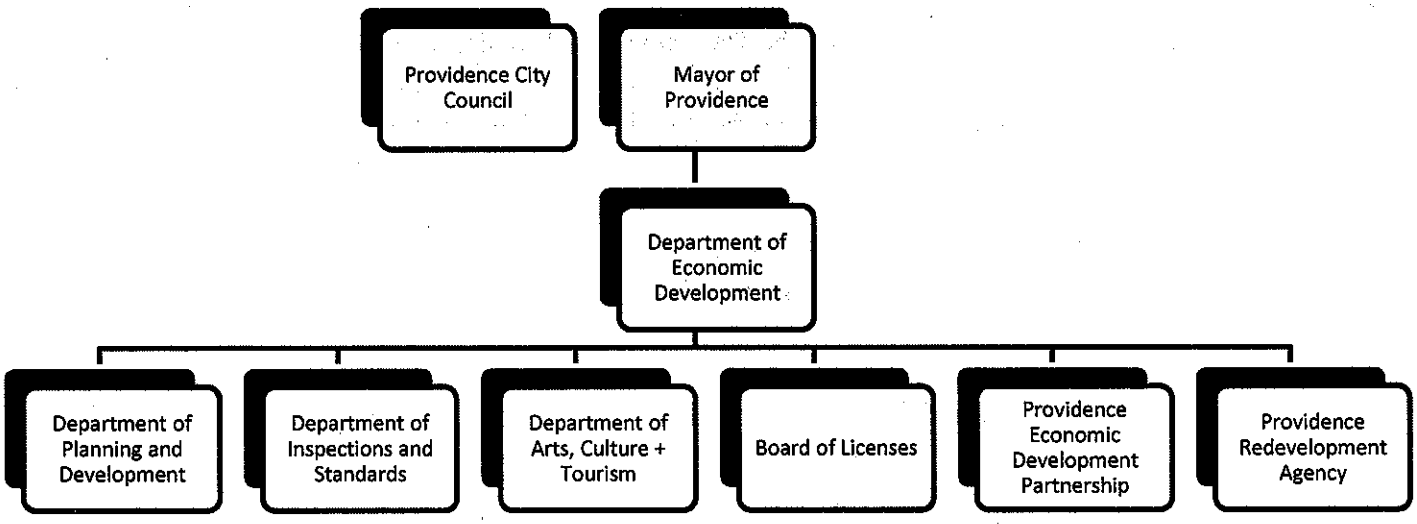
Partnerships

The city has entered into a signed agreement with the U.S. Small Business Administration (SBA), Center for Women and Enterprise, and Rhode Island SCORE to provide a series of free joint workshops designed to help small business owners in Providence. The workshops offered

include assistance with writing a business plan, utilizing social media, or learning how become certified under SBA's HUBZone program. Representatives from the federal, state, and local governments, as well as other quasi-public agencies, also attend the workshops to provide information regarding tax incentives, loan programs, and procurement opportunities.

Mayor Angel Taveras and Cranston Mayor Allan Fung have also agreed to an informal partnership with Workforce Solutions of Providence/Cranston and the Greater Providence Chamber of Commerce to hold a series of eight job fairs throughout 2014. Each job fair will focus on a different industry and attempts to match unemployed residents of the two cities with employers interested in making new hires. The first job fair will take place on February 26, 2014 and will host numerous employers from the Health Care industry including Blue Cross Blue Shield of Rhode Island, Roger Williams Medical Center, and the Providence VA Medical Center. The Rhode Island Department of Labor and Training is providing technical assistance in planning, promoting, and operating the job fairs.

City of Providence Organizational Structure



Three programs administered by the Department of Economic Development, the Innovation Investment Program, the Fire Source | Hire Providence program and the MBE/WBE Procurement Program, are described below.

Innovation Investment Program

The Innovation Investment Program (IIP) is a city-administered investment fund that provides seed capital to start-up businesses in conjunction with three local investment groups. Utilizing funding from the U.S. Department of Housing and Urban Development (HUD), the IIP provides up to $50,000 in funding to new businesses that have also received funding from Betaspring, Slater Technology Fund, or Cherrystone Angel Group. Businesses receiving funds through the program must agree to remain located in Providence for at least one year. An advisory team consisting of local leaders in the life sciences and technology fields assists the city with the selection process. The IIP, which was first implemented in 2011, was temporarily suspended in early 2013 after the fund exceeded its budgeted amount of $1 million; the first iteration of the program provided $1.65 million in loans to 32 companies. In his 2014 State of the City address, Mayor Taveras announced that his administration has secured an additional $1 million in funds for the program from HUD.

First Source | Hire Providence

Originally established in 1985 and overhauled in 2012, the city's "First Source | Hire Providence" program is administered by the Department of Planning and Development. A key component of the program is the legal requirement that businesses and residents receiving city funding over $25,000 and employing five or more individuals must hire residents of Providence to fill positions that may arise as a result of receiving the aid. Recipients of the following forms of public funding are required by city ordinance to comply with the First Source requirement:

- Tax concessions or abatements
- Tax Stabilization Agreements
- Tax Incremental Financing Agreements
- Grants, Grants-in-aid, or loans from the Office of Community Development, Office of Planning and Development, other federal aid programs administered by the City, or any program authorized by resolution of the City Council (unless specifically exempted by ordinance)
- Projects funded in whole or in part with city funds, or funds which, in accordance with a federal grant or otherwise the city expends or administers, or which the city is a signatory for the construction contract

The First Source Director is responsible for maintaining a list of Providence residents seeking employment along with the skills that they possess. Employers required to comply with the First Source provision must inform the Director of job openings prior to advertising them to the

public. After being notified of open positions, the Director has 10 days to refer individuals from the list to the potential employer based on their skills and the amount of time that they have spent on the list. In the event that the Director is unable to refer individuals to the employer, a process begins that may result in the employer being allowed to hire individuals from outside the list.

In addition to hiring requirements, the First Source | Hire Providence allows the First Source Director to establish training programs to prepare individuals on the list for employment. Training programs can be established in fields that a covered employer has stated a need exists; a field that the Director has determined a need exists but that lacks sufficient training opportunities; or to provide basic training in the necessary skills and work habits needed for an individual to maintain employment. Goals for participation by women, minorities, and individuals with disabilities are also specified in city ordinance.

The 2012 city ordinance overhauling the First Source | Hire Providence program requires that the city appropriate no less than $250,000 annually for construction and maintenance of the First Source list and any training programs. Funds not expended by the end of a fiscal year are directed to be deposited in a First Source Trust Fund for program use in future years. The funding provided annually by the city may come from sources designated for workforce investment, community development, or any other source. The city is authorized to issue bonds to provide funds to the program and, if the city is unable to provide funds from any other source, may appropriate monies for the program from the city's general fund.

Enforcement of the First Source hiring requirements is through the Law Department at the request of the First Source Director. Potential violations by employers required to comply with the First Source hiring requirements include if the employer fails to submit required reports on time; fails to inform the Director of employment opportunities within the required timeframe or prior to public advertisement; fails to provide required records to the city for purposes of an audit. In the event of a violation, sanctions against the employer include termination of city funding; termination or suspension of a contract; or termination or suspension from doing business with the city for no less than two years.

MBE/WBE Procurement Program

The Minority Business Enterprise and Women Business Enterprise (MBE/WBE) Procurement Program is designed to support the participation of businesses owned by minorities and women in publicly funded projects. Section 21-52 of the Providence Code of Ordinances requires that these businesses be included in all requests for procurements for public construction projects and purchases of goods and services. The ordinance also sets a goal of awarding ten percent of the total dollar value of all projects to each MBE and WBE businesses.

Providence Department of Planning and Development

The Department of Planning and Development is the city's lead planning department and administers several economic development programs. The Department conducts project reviews and aids in the planning process for the City Plan Commission (CPC), Downcity Design Review Committee (DDRC), and the Providence Historic District Commission (PHDC). The CPC is a citizen board that develops the city's Comprehensive Plan, reviews proposed subdivision and land development proposals, and provides advisory opinions to the City Council on proposed changes to the city's zoning ordinance. The DDRC is a body responsible for oversight of the D-1 district located in Downtown Providence and ensures that new development in the district is compatible with the historic character of the area. The PHDC regulates development in eight historic districts located across Providence; development in these districts is subject to review and approval by the PHDC.

Providence Department of Inspections and Standards

The Department of Inspections and Standards is responsible for enforcing Rhode Island's building and fire codes in Providence, issuing construction and demolition permits, approving development plans for zoning compliance, and taking legal action against violators of the state or city codes. The Department works with the Providence Zoning Board of Review to ensure compliance with the city's zoning ordinance and the Building Board of Review to ensure compliance with the state building code. Individual divisions of the Department are responsible for inspecting mechanical, electrical, and plumbing aspects of structures within the city.

Providence Department of Arts, Culture + Tourism

The Department of Arts, Culture + Tourism oversees and promotes the city's development of cultural attractions. The Department administers several programs targeted to help the arts community; one example is the BUY ART campaign that partners the city with local artists and venues to promote the sale of works of art. A second program run by the Department is the Friday Night Concert Series at Waterplace Park, which provides free concerts throughout the summer months. Several other programs that promote the arts presence in the city are also administered by the Department.

Providence Board of Licenses

The Board of Licenses is responsible for reviewing and issuing city licenses for over thirty business activities included in the Providence Code of Ordinances. Licenses are required for activities ranging from selling liquor or tobacco to being a private detective. The Board also enforces compliance with license requirements and is assigned two officers from the Providence Police Department to enforce liquor licenses. All licenses issued by the Board must be renewed on an annual basis.

Providence Economic Development Partnership

A major driver of economic policy in the city is the Providence Economic Development Partnership (PEDP), a quasi-public, not-for-profit corporation responsible for providing technical and financial assistance to businesses. The agency is overseen by a 15-member Board of Directors chaired by Mayor of Providence Angel Taveras. The Executive Director of PEDP, responsible for daily operations, is currently the city's Director of Economic Development, James Bennett. Funding is provided through the U.S. Department of Housing and Urban Development's (HUD) Community Development Block Grant (CDBG) program.

PEDP administers several loan programs designed to help businesses gain access to credit as a lender of last resort. These programs include Micro Loans, Revolving Loans, Storefront Improvement Grants, and 50/50 Relocation Assistance. The Micro Loan program is designed to provide assistance to small businesses with five or fewer Full-Time Equivalent employees, or new start-ups, in need of funding for inventory, equipment, materials, or working capital. Micro Loans range from $1,000 to $20,000 and are subject to the potential borrower meeting several conditions, including the creation or retention of at least one job and rejection by two or more traditional lending institutions.

The Revolving Loan program administered by PEDP leverages federal CDBG funds to offer loans of up to $125,000 with a required 1:1 match. Funds may be used for commercial rehabilitation, labor, materials, machinery, equipment, real property acquisition, or working capital. Because the program utilizes federal funds, recipients must meet national CDBG requirements, including meeting at least one of the HUD-defined "national objectives." In addition to the $1.4 million Revolving Loan Fund, PEDP also operates a $10 million HUD Section 108 loan guarantee program. Under this program, HUD conditionally guarantees loans provided by private financial institutions to businesses through PEDP. Loan guarantee recipients must meet federal guidelines for use of these funds, including the HUD-defined "national objectives."

Storefront Improvement Grants are offered by PEDP for amounts up to $10,000 with a required 1:1 match by the grant recipient. Grants may be used for visible exterior improvements to the recipient's business, including paint, awnings, signage, lights, or plate glass. Grant applications must include a renovation plan that adheres to city plan and use guidelines. Additionally, grant recipients must serve a predominately low or moderate income population, create a job for a low or moderate income individual, or remove a neighborhood slum or blight as part of the project to be eligible for consideration.

The 50/50 Relocation Assistance program offers funding to existing city businesses that are forced to relocate as a result of eviction (due to redevelopment), foreclosure, fire, or natural

disaster. Under the program, qualifying businesses can receive up to $20,000 in emergency funds that can be used to pay for moving costs, renovation of new space, materials, inventory, or equipment. Repayment of the loan is deferred for five years and the city will forgive 50% of the loan if the business is still operating in Providence at that time.

Providence Redevelopment Agency

A second quasi-public agency that acts as a central pillar of economic development in the city is the Providence Redevelopment Agency (PRA). Enabling legislation approved by the Rhode Island General Assembly in 1946 allows municipalities to establish redevelopment agencies to redevelop blighted or substandard areas. This law allows the PRA, with City Council approval, to designate areas of the city as redevelopment areas. Once a redevelopment area is established, the PRA gains broad powers to implement redevelopment plans. Eminent domain, the sale of seized properties, issuance of bonds, and land use restrictions are among the numerous powers granted to PRA over redevelopment areas.

The PRA consists of seven members and the Mayor of Providence in an ex officio capacity. Five of the members are nominated by the Mayor for five-year, staggered terms and must be residents of Providence. The Providence City Council chooses two of its members to serve four-year terms on the PRA. The day-to-day operations of the PRA are overseen by an Executive Director, currently Donald Gralnek.

As part of his plan for improving the economy in Providence, Mayor Angel Taveras proposed to utilize the PRA more aggressively in targeting blighted areas in the city. Utilizing its power of eminent domain, the PRA seized ownership of the vacant Arnold Building in 2013 and recently transferred ownership to a private developer. In late 2013, the PRA's Board of Directors authorized the Executive Director to explore the possibility of taking ownership of the former South Street Power Station to resolve lingering concerns over outstanding liens on the property.

I-195 Redevelopment Commission

In 2011, after Interstate 195 was relocated away from Downtown Providence, the Rhode Island General Assembly created the I-195 Redevelopment Commission to oversee the newly available land. The seven-member commission, chaired by Colin Kane, is tasked with pursuing economic development and job growth on the property. Most work on the property to date has involved the construction of infrastructure such as electric lines, rezoning the land, and reconnecting city streets that had previously been divided by the highway. The Commission recently announced that it will begin accepting development proposals for the property.

Rhode Island Enterprise Zones

In addition to programs offered through PEDP, Providence is also the location of two Rhode Island Enterprise Zones. The Rhode Island Enterprise Zone Program is a state tax incentive

program that offers tax credits to employers located within 11 designated areas statewide. State Enterprise Zones are established on the basis of economic criteria including the poverty rate, unemployment rate, median household income, and per capita income. Businesses located in an Enterprise Zone, each of which is a geographically contiguous and compact area, are eligible for tax credits if they expand their workforce by 5 percent or more in a given year by hiring Rhode Island residents. Qualified employers can receive tax credits worth 50 percent of a new employee's salary (up to a maximum value of $2,500) or 75 percent of a new employee's salary if the employee resides within an enterprise zone (up to a maximum value of $5,000).

The Port of Providence Enterprise Zone was designated in 1992 and consists of approximately 5.1 square miles located along the city's southern waterfront and portions of South Providence. The zone includes the Port of Providence, Allens Avenue industrial corridor, and the Huntington Industrial Park. Land uses in the zone include residential, commercial, industrial, institutional, and open areas.

The Providence II Enterprise Zone was designed in 1993 and consists of roughly 4.5 square miles located in parts of Downtown Providence and western portions of the city. The zone includes Waterplace Park, the Providence Place Mall, the Knowledge District, Capital Center, Olneyville Square, and the Promenade Center. Other facilities located in the district include Rhode Island Hospital, Women and Infant's Hospital, Hasbro Children's Hospital, and generating facilities used by National Grid. Land uses in the zone include residential, commercial, industrial, institutional, and open areas.

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111 Westminster Street

The 26-story, 428-foot tall building located at 111 Westminster Street, sometimes referred to as the "Superman" building, Industrial Trust Building, or National Industrial Bank Building, was constructed in 1927 and consists of 441,000 gross square feet of space. Throughout its history the building has been occupied at different times by a single tenant or by multiple tenants; however, the building's present owner has stated that the internal infrastructure is more suitable for a single tenant. Because of its distinctive architecture and four-story tall lantern located at the top of the building, it has become an iconic part of Providence's skyline. The future of 111 Westminster Street has become an important component of economic development in Providence and the City Council resolution establishing this Task Force specifically states that our final report should include recommendations for the building.

High Rock Development purchased 111 Westminster Street for $33.2 million in 2008 and has invested approximately $6 million in capital improvements on the building since that time. In 2012, Bank of America, the building's sole tenant at that time, opted not to renew its lease and announced that it would vacate the building in April of 2013. High Rock Development subsequently announced that it would require approximately $39 million in state aid and $10 to $15 million in city aid to rehabilitate the building and convert it to residential use. An additional $21 million in federal historic tax credits and $55 million in new investment by the owner would provide further funding for the project.

Real Estate Market Trends

The proposal by High Rock Development to utilize the building as residential space is driven by market trends specific to Providence. According to a study conducted by HR&A Advisors in April 2013, the vacancy rate for similar office space in Providence was 19 percent at the time the study was completed and the absorption rate for Class B commercial space was negative 120,000 square feet in 2012.[10] HR&A concluded that making the building available as office space would further depress the commercial real estate market in Downtown Providence. Based on long-term trends, it also estimated that it could take 25 or more years for the market to fully absorb 111 Westminster Street.

In contrast to its findings on the commercial office space market in Downtown Providence, HR&A concluded that a robust market exists for residential space. Their report notes that the population of the Downtown area has grown by nearly 40 percent since 2000. HR&A further concludes that the redevelopment of the former I-195 land located in close proximity to Downtown will further increase demand for urban housing. The report includes four case studies

[10] In other words, 120,000 square feet less of Class B office space was occupied in 2012 than the year prior.

of successful residential-based urban redevelopment in cities with similar characteristics as Providence to bolster its conclusion.

A second study of 111 Westminster Street was conducted by 4ward Planning on behalf of the Taveras Administration and SMG Corporation, the private company responsible for managing the Rhode Island Convention Center.[11] This study came to many of the same conclusions as the HR&A report, including relatively strong demand for multi-family residential housing and that making the entire building available as commercial space would further depress the commercial real estate market in Providence. 4ward Planning also concluded in the study that repurposing the building as residential space would provide a net positive financial benefit to the city.

Finally, CBRE/New England's 2014 market outlook for Rhode Island also found continued weakness in the market for office space in Downtown Providence. In its outlook, CBRE/New England report that the Downtown providence vacancy rate for office space increased to 16.71 percent and that negative absorption of 81,000 square feet of office space occurred during 2013. The report does note a potentially positive trend in the Financial District office space market, where asking rents increased by 5 percent from 2012 to 2013 to reach their highest level in 10 years. However, it is also noted that the vacancy rate for office space in the Financial District is 16.01 percent without even taking 111 Westminster Street into account.

Key Considerations

As Providence policymakers consider the appropriate level of public support, if any, that should be offered to aid redevelopment of 111 Westminster Street, there are four key considerations that should be kept in mind. We have identified four major factors that should be considered before the city decides whether or not to offer public support for redevelopment of the building:

- Role of the state versus the role of the city
- Potential impact on the city's property tax base
- Economic impact of different uses
- How the building fits into the larger economic development plan

State Role versus City Role

One of the major factors that needs to be considered by Providence with regards to offering financial assistance to 111 Westminster Street is the significantly different roles that the state and city governments will play. The combined federal and state aid that the building owner's redevelopment proposal seeks through historic tax credits easily dwarfs the request for city aid. Furthermore, as discussed in further detail below, the city has little to lose by entering into a Tax Stabilization Agreement with the building because it is likely that the city would be foregoing

[11] Providence Director of Economic Development James Bennett also serves as Chairman of the Rhode Island Convention Center – he requested SMG Corporation to assist with funding the study.

property tax revenue that it will lose anyways if the building is not redeveloped. The state is in exactly the opposite position of the city; providing the requested amount of historic tax credits is a financial risk that the state would not be exposed to if it refuses to provide the credits. In terms of offering financial assistance, the city is faced with less direct financial risk than the state but also stands to reap greater benefits from redevelopment of the building.

Impact on Property Tax Base

In the event that 111 Westminster Street is left vacant for a substantial of time, it is likely that the assessed value of the building would significantly decrease. The amount of property tax paid to the city for the building would also decrease in the event that this happens. According to the study completed by HR&A, the assessed value of the building and land would fall from approximately $31 million at the time the study was conducted to just over $11 million if left vacant. In terms of the impact on property taxes, HR&A estimated that the city would lose $740,000 in revenue annually as a result of the lower assessed value. The study also concluded that placing the building on the market as commercial office space would also result in a decline in property tax revenue.

The study conducted by 4ward Planning similarly concluded that making the building available as commercial space would result in a significant decline in property tax revenues paid to Providence. According to two scenarios considered in the study, the loss of property tax revenue could range from $3 million annually to over $8 million annually. In each scenario, the study anticipates downward pressure placed on commercial office rents in the city caused by the large increase in available supply that the building would represent. Significant decreases in rents would decrease assessed values and force the owners of other buildings containing commercial space to potentially seek financial assistance from the city.

Policymakers should also consider the impact that demolition or abandonment of the property would have on the city's property tax base. If the building were to be demolished, there would likely be a decrease in the value of surrounding properties that would cause property tax revenues to decline. A second possibility is that the owner of the building could simply choose to abandon the property and allow the city to take ownership of the structure. Under this scenario, the city would likely seek to sell the building to another party for redevelopment; it is likely that this new owner would face many of the same difficulties that the present owner faces in financing redevelopment.

Economic Impact

The economic impact of different potential uses for 111 Westminster Street consists of two components: the impact on the city's overall economy and the impact on the city's real estate market. In terms of the overall impact on the city's overall economy, policymakers should assess the short- and long-term economic costs and benefits that residential or commercial use

would bring to the local economy. In addition, the city should be cognizant of the economic costs to the city that would be associated with abandonment or demolition of the building. As one of the largest and most prominent buildings in Providence, these scenarios would send a worrying message about the city's economic status and potential for long-term development.

A second economic factor that should be weighed for different uses of 111 Westminster Street is the impact that each would have on the city's real estate market. If the conclusions reached by the HR&A and 4ward Planning studies are accurate, the city's commercial office space market would be flooded with available space if the building is offered as commercial office space. The result of this action, as explained earlier in this section, would be a sharp decrease in rents for commercial space and subsequent decrease in assessed values and property tax revenues collected by the city. Conversely, each of these studies concluded that there is reasonably strong demand for apartment housing in the area of 111 Westminster Street. Policymakers should carefully consider the impact of the building's use on the commercial and residential rental markets as part of the decision-making process.

How It Fits

A consideration distinct from the overall economic impact of 111 Westminster Street is how the building fits into the city's future goals for economic development. The objective should be to weigh the benefits of providing public funds based on how well the project fits the overarching economic strategy of the city. For example, providing public assistance to repurpose the building as residential space may make sense if the city identifies a need for additional rental housing caused by development of the Knowledge District. Taking this factor into consideration furthers one of the key conclusions of this report – that Providence needs to have a greater vision for where the city's economy is going and finding ways to shape policy in support of that vision.

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City of Providence
Task Force on Economic Development

Appendix A – Schedule of Task Force Meetings

Task Force Public Meetings Schedule

1. December 3, 2013
    a. Election of Alan Litwin as Chairman and Janet Raymond as Vice Chairwoman
    b. A binder with the following written documents was provided to the Task Force
        i. Providence City Council Resolution
        ii. Putting Providence Back to Work – Mayor Taveras
        iii. Providence Tomorrow: The Comprehensive Plan
        iv. Downtown/Knowledge District Plan
        v. I-195 Commission Slides
        vi. Re:Zoning Providence Reports
        vii. Transportation Corridors to Livable Communities
        viii. Providence Foundation's Plan
        ix. The Massachusetts Plan
        x. The Milken Institute's "Best-Performing Cities" Index
        xi. Moody's U.S. Regional Diversity, Volatility, and Vitality Index
        xii. Moody's Cost of Doing Business Index
        xiii. Michael Porter's "Key Driver's for Inner City Growth"
    c. Discussion of possible topics for the Task Force to explore
        i. Education, Employment, and Job Training
        ii. Housing and Infrastructure
        iii. Regulatory, Tax, and Business Climate
2. December 12, 2013
    a. Analysis of Providence's Strengths, Weaknesses, Opportunities, Threats
    b. Discussion of Tax and Regulatory Policy in Providence
    c. Documents provided to the Task Force
        i. RIPEC summary of existing studies of Providence's business climate
        ii. Ernst & Young study of state and local business taxes on new investment
        iii. Tax Foundation comparative analysis of state tax costs on business
        iv. RIPEC power point presentation outlining suggested steps forward for the Task Force
3. December 17, 2013
    a. Analysis of Providence's Strengths, Weaknesses, Opportunities, Threats
    b. Discussion of Mission/Vision for Providence's future
    c. Documents provided to the Task Force
        i. Report from the Providence Commission on Revenue, Sustainability, & Efficiency
        ii. Chart outlining annual debt service paid by Providence
        iii. RIPEC summary of common recommendations from previous economic development studies of Providence

iv. RIPEC summary of mission/vision statements from previous economic development studies of Providence
v. RIPEC summary of specific recommendations from previous economic development studies of Providence sorted by category
vi. National League of Cities report – "The Role of Local Elected Officials in Economic Development"
vii. RIPEC summary of mission/vision statements from peer cities
viii. Graphic of Rhode Island Workforce Development System

4. January 9, 2014
    a. Presentations
        i. Jeffrey Lykins, Director of Inspections and Standards
        ii. James Bennett, Director of Economic Development
    b. Review of Task Force Materials
        i. Mission Statement Wrap-Up
        ii. Report Overview and Structure
        iii. Industry Cluster Data
    c. Discussion of Subsequent Meetings Agendas
    d. Documents Provided
        i. Rough Draft of Task Force Report
        ii. Rough Draft of Providence Cluster Analysis
        iii. List of Possible Task Force Recommendations
        iv. Proposed Agendas for Subsequent Meetings
        v. RIPEC Power Point presentation outlining proposed Mission/Vision, Report Structure, Cluster Data, and Agendas for Subsequent Meetings
5. January 21, 2014
    a. Postponed due to inclement weather
6. January 30, 2014
    a. Presentations
        i. Dan Baudouin, Providence Foundation
        ii. Janet Raymond, Providence Chamber of Commerce
        iii. Steve Durkee, Cornish Associates
    b. Discussion of 111 Westminster Street
    c. RIPEC Briefing on Tax Stabilization Agreements
    d. Discussion of Tax Stabilization Agreements
        i. Formation of Tax Stabilization Subcommittee
    e. Documents Provided
        i. Cornish Associates Feasibility Study Conclusions on 111 Westminster Street
        ii. Providence Foundation Action Plan on the Economy Status Update Table
        iii. Providence Foundation Summary of Action Plan Key Points

iv. Brookings Metropolitan Policy Program's "Using Ballot Measures to Drive Economic Investment in States and Metropolitan Areas"
v. Brookings Metropolitan Policy Program's "Job Creation on a Budget: How Regional Industry Clusters Can Add Jobs, Bolster Entrepreneurship, and Spark Innovation"
vi. "Tax Stabilization in Providence" Power Point by Adrienne Southgate
vii. "U.S. Cluster Mapping Project" by U.S. Economic Development Administration and Harvard Business School
viii. RIPEC Power Point presentation on Cluster Analysis
ix. RIPEC summary of specific recommendations from previous economic development studies of Providence sorted by category
x. List of Possible Task Force Recommendations
xi. RIPEC Table "Selected Characteristics for Providence County Economic Sectors"
xii. RIPEC documents on Tax Stabilization Agreements

7. February 3, 2014
    a. Presentations
        i. Russell Carey, Brown University
    b. RIPEC Briefing on Providence County Economic and Industry Trends
    c. Discussion of Possible Recommendations
    d. Documents Provided
        i. "Building on Distinction" – Brown University Annual Report
        ii. Brown University Links of Interest
        iii. RIPEC Table "Selected Characteristics for Providence County Economic Sectors"
8. February 18, 2014
    a. Presentations
        i. Toby Shepherd, Office of Mayor Angel Taveras
    b. Discussion of presentation by Mayor's Office
    c. Discussion of 111 Westminster Street
    d. Discussion of Recommendations
    e. Documents Provided
        i. First Draft of Task Force Final Report
9. March 6, 2014
    a. Presentation of draft Final Report
    b. Discussion of Final Recommendations
    c. Documents Provided
        i. Second Draft of Task Force Final Report
        ii. RIPEC Power Point containing list of possible recommendations
        iii. Draft Executive Summary of Task Force Final Report

10. March 18, 2014
    a. Presentation of updated draft Final Report
    b. Discussion of Final Recommendations
    c. Documents Provided
        i. Third Draft of Task Force Final Report
        ii. RIPEC Power Point containing list of possible recommendations
        iii. Draft Executive Summary of Task Force Final Report
        iv. Tax Stabilization Agreement model
        v. Topics for Discussion document
        vi. Recommendations Checklist

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City of Providence
Task Force on Economic Development

Appendix B - Providence County Industry Analysis

Introduction

The Rhode Island Public Expenditure Council (RIPEC) has conducted an industry analysis to better understand the dynamics of Providence's economy. Using county-level United States federal government data and future projections provided through the REMI (Regional Economic Models, Inc.) online platform, RIPEC examined specific industry sectors to determine historical trends and the contribution that each sector makes to the city's economy. The REMI database includes measurement variables for Gross Domestic Product, Employment, Income, Production, Demographics, Regional Planners, Transportation Planners, and Utilities. The REMI model also offers projections for these variables until the year 2060; this analysis will incorporate REMI projections until 2020.

First, it is important to understand what a cluster is and why it matters with regards to economic development. "Clusters" were first identified by Harvard Business School Professor Michael Porter and he defines them as "a geographically proximate group of interconnected companies and associated institutions in a particular field, linked by commonalities and complementarities."[12] Furthermore, he notes that clusters generally include producers of necessary upstream and downstream goods and services. For instance, a manufacturing cluster may include the producers of specific inputs, such as raw materials or needed component parts, as well as businesses downstream which produce complementary products or sell the manufactured product to customers. Clusters can also be considered to include closely linked institutions, such as universities, research facilities, or government agencies.

Cluster-based economic development has become popular among policymakers in recent years. This can be attributed, in part, to the fact that it allows communities to build on their existing strengths and identify trends for future growth.[13] Rather than attempt to transform their regions into copies of another, cluster strategies allow policymakers to support an economy tailored to maximize the strengths that are already in place. By focusing on cluster-development, economic development shifts from focusing on specific firms to groups of firms. Doing so avoids the moral hazard that inherently comes with picking winners and losers while allowing policymakers to direct their efforts coherently.

A full cluster analysis will generally examine clusters in the context of detailed qualitative and quantitative evidence to identify the full range of associated firms, institutions, and government agencies. This industry analysis is not intended to act as a full cluster analysis. Rather, this represents a first step towards better understanding which industries have seen employment growth and losses, which can expect gains in the future, and what makes Providence's economy unique. Four groups of economic sectors, manufacturing, arts and culture, knowledge-based industries, and financial services, will be examined in greater detail.

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http://books.google.com/books?hl=en&lr=&id=TzZ_oByXYhkC&oi=fnd&pg=PA253&dq=Michael+porter+cluster+analysis&ots=x2y9tU-Ikn&sig=KIJnuS9XmU1Cx7tl9x78ptogqpQ#v=onepage&q&f=false

13 http://www.brookings.edu/research/reports/2006/03/cities-cortright#

Definitions

Location Quotient for Employment

The location quotient (LQ) is an employment statistic that measures the concentration of employment in a specific industry in a geographic area as compared to the concentration of employment in that industry nationally. For example, an industry in a particular location with an LQ of 2.0 is said to be two times as concentrated in that region as it is nationally.

LQ = % of Local Jobs in Industry / % of National Jobs in Industry

Analyzing the LQ values for different industries makes it possible to determine the industries that are most important to an area's economic success or failure. Industries with a high LQ value are important because they are what make a local economy unique from the national economy. Furthermore, because industries with high LQ values are unique to an area, they generally export goods or services to other regions and thus generate wealth for the local economy. Changes in LQ values over time allow an examination of the growth or decline in specific industries relative to national trends.

North American Industry Classification System (NAICS)

The North American Industry Classification System (NAICS) is a system of industry classification developed by the U.S. Census Bureau in partnership with Canada and Mexico and used to group different businesses into categories for statistical analysis. Each business is placed into an economic sector represented by a specific code; each sector is then broken down into a number of subsectors, which are also assigned a specific code. For instance, the "Manufacturing" sector (31-33) is broken down into subsectors such as "Wood Product Manufacturing" (321), "Primary Metal Manufacturing" (331), and "Miscellaneous Manufacturing" (339). Subsectors are then further divided into numerous classifications that offer increasing levels of detail about the included businesses.

The most recent NAICS codes, released in 2012, include a total of 20 economic sectors which cover all employment in the United States. Out of these 20 sectors, 19 relate to private employment and 1, Public Administration, is used to account for government employment. The REMI product used in this report provided data for all 20 sectors and 50 of the subsectors; data for some subsectors, such as those under the Educational Services sector, was not available. REMI combines some subsectors with similar characteristics rather than presenting each individually; an example can be found in subsectors 113-115, which are combined into a single subsector titled "Forestry, Fishing, and Related Activities." A full list of the sectors and subsectors utilized by REMI is included in the appendix.

Average Annual Wage Rate

REMI calculates the average annual wage rate by dividing the "wage and salary disbursements" variable by employment for each year. Wage and salary disbursements data is obtained from the Bureau of Economic Analysis through the State Personal Income and Local Area Personal Income series. The average annual wage rate, as calculated by REMI, includes the monetary

remuneration of employees through wages and salaries along with commissions, tips, or bonuses, and voluntary employee contributions to deferred compensation plans such as retirement accounts. The statistic is calculated prior to deductions such as Social Security contributions and union dues. The average annual wage rate is presented in nominal terms for each year, meaning that it has not been adjusted for the effects of inflation.

Employment

The employment measurement used by REMI is the Bureau of Economic Analysis's estimate for the number of jobs in a region and sorted by NAICS sector and subsector. The statistic includes full-time and part-time employees, at equal weight, but does not include volunteers or other non-paid employees.

Total Value Added to GDP

The total value added to GDP variable attempts to measure the contribution made by each NAICS economic sector to a region's Gross Domestic Product (GDP). GDP is a measurement of the size of an economy based on personal consumption, private investment, government spending, and net imports. REMI calculates the total value added to GDP variable by subtracting a sector's intermediate inputs (energy, raw materials, semi-finished goods, and purchased services) from its gross output (sales, receipts, or other operating income, commodity taxes, and inventory change). The resulting statistic approximates the sector's contribution to overall economic activity in the region.

GDP = Private Consumption + Gross Investment + Government Spending + Net Imports

Summary

The economy in Providence County has undergone significant changes during the past several decades and this quickly becomes apparent after examining employment trends since 1990. At that time, the manufacturing sector accounted for over a fifth of all private sector employment in the county compared to just 7.3 percent in 2012. At the same time that manufacturing jobs were leaving the area, employment in knowledge-based industries like health care and education sharply increased. Table 1 provides data for four key economic statistics for each of the 19 NAICS economic sectors that comprise private, non-farm employment. The following section discusses each of these four variables in greater detail while highlighting recent trends and providing REMI model projections.

Table 1
Selected Indicators for Economic Sectors in Providence County in 2012 (Sorted by NAICS Code)

Economic Sector (NAICS code in parenthesis)	Employment (2012)	Average Annual Wage Rate (2012 Nominal Dollars)	Total Value Added to GDP (2012; in billions of 2005 Real Dollars)	Location Quotient for Employment (2012)
Private, Non-Farm Employment	**312,037**	**$40,794[1]**	**$22.84**	**N/A**
Forestry, Fishing, and Related Activities (113-115)	212	$12,890	$0.00	0.119
Mining (21)	157	$38,815	$0.02	0.054
Utilities (22)	891	$91,878	$0.30	0.767
Construction (23)	15,732	$37,732	$0.81	0.838
Manufacturing (31-33)	22,863	$45,798	$2.14	0.928
Wholesale Trade (42)	11,471	$58,963	$1.55	0.896
Retail Trade (44-45)	29,032	$23,682	$1.42	0.775
Transportation and Warehousing (48-49)	6,916	$32,847	$0.39	0.586
Information (51)	8,064	$61,912	$1.63	1.213
Finance and Insurance (52)	21,832	$67,791	$3.08	1.140
Real Estate and Rental and Leasing (53)	12,746	$11,095	$2.78	0.787
Professional, Scientific, and Technical services (54)	20,790	$42,105	$1.55	0.83
Management of Companies and Enterprises (55)	7,001	$124,216	$0.88	1.623
Administrative and Waste Management Services (56)	22,703	$25,225	$0.92	0.998
Educational services (61)	22,662	$38,214	$0.78	2.445
Health Care and Social Assistance (62)	60,727	$42,218	$3.03	1.461
Arts, Entertainment, and Recreation (71)	7,665	$14,447	$0.24	0.943
Accommodation and Food Services (72)	23,395	$17,639	$0.66	0.884
Other Services, except Public Administration (81)	17,188	$25,368	$0.66	0.812

SOURCE: Bureau of Economic Analysis; Bureau of Labor Statistics; Regional Economic Models, Inc.
[1] Note: Average annual wage rate for all employment (including government and farm)

Employment

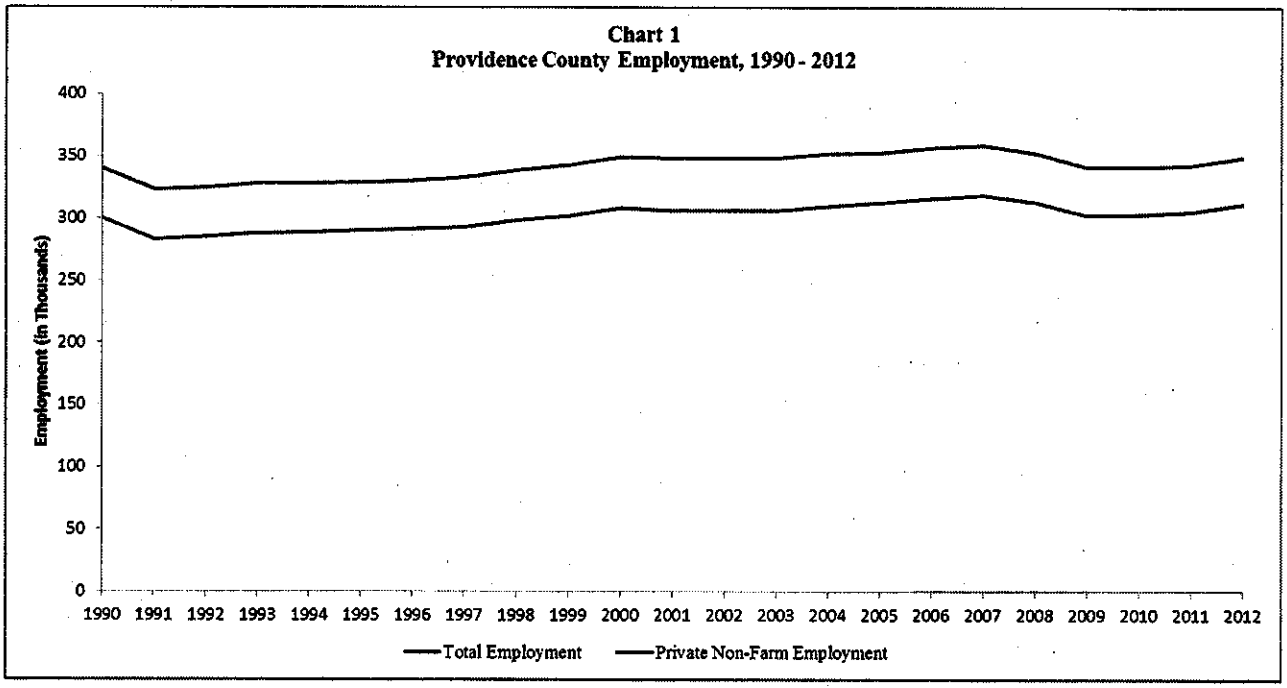
Employment in 2012

As previously noted, Providence County has experienced slow employment growth over the past two decades. In 2012, total employment across all sectors and industries was equal to 349,668 jobs, representing an increase of only 2.8 percent over the 1990 total of 340,072 jobs and a loss of 39 jobs since 2000. Private, non-farm employment in 2012 was 312,037 jobs, or 89 percent of all employment. Government employment at the federal, state, and local levels accounted for an additional 37,118 jobs, or 10.6 percent of all employment. Since 1990, private, non-farm employment has grown by 4.1 percent compared to a decline of 7.2 percent in government employment. Table 2 presents employment totals for Providence County in 1990, 2000, and 2012.

Table 2
Providence County Employment in 1990, 2000, and 2012

	1990	2000	2012
Total Employment	340,072	349,707	349,668
Private, Non-Farm Employment	299,627	308,172	312,037
Government Employment	39,995	41,174	37,118

SOURCE: Bureau of Economic Analysis; Bureau of Labor Statistics; Regional Economic Models, Inc.



Since 1990, there have been two periods of substantial job losses in Providence County that continue to impact overall employment. The first period occurred from 1990 to 1991 when the county lost approximately 17,000 jobs and did not fully recover them until 1999. The second period took place from 2007 to 2009 when over 18,000 jobs were lost; the county is still recovering from these losses at the present time. The peak employment total from 1990 to 2012

was reached in 2007 when there were 359,565 jobs in the county. As Chart 1 visualizes, there was virtually no growth in total employment or private, non-farm employment from 1990 to 2012.

The private sector industries with the most employment in Providence County during 2012 were Health Care and Social Assistance (60,727 jobs), Retail Trade (29,032), Accommodation and Food Services (23,395), Manufacturing (22,863), and Administrative and Waste Management (22,703). Together, these five industries accounted for over half of all private sector employment in Providence County in 2012. Table 2 shows the number of people employed in each industry sector in 2012 as well as the change in employment that occurred from 1990 to 2012.

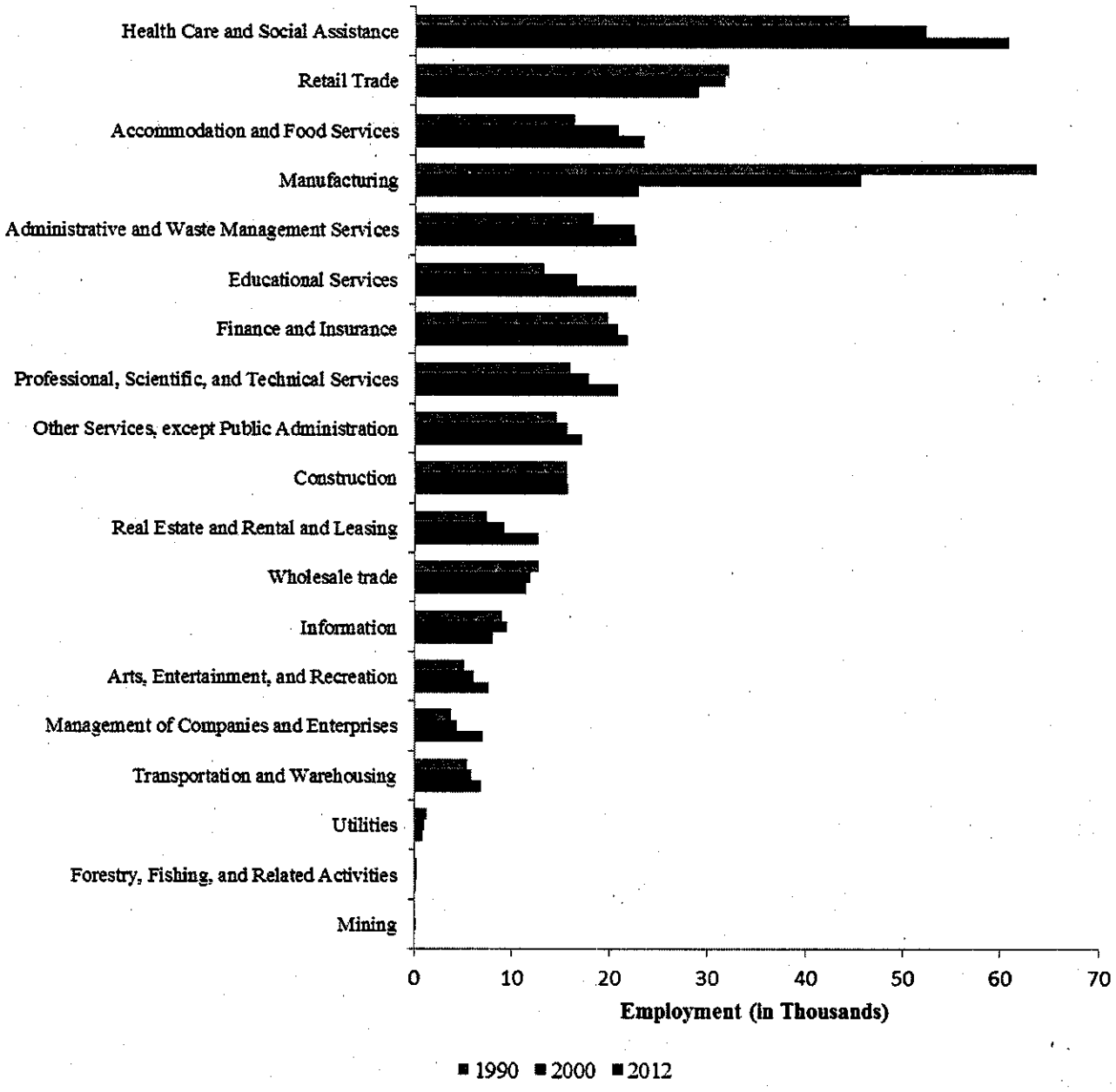
Table 3
Providence County Employment by Economic Sector in 2012

Economic Sector (NAICS code in parenthesis)	Employment (2012)	Change in Employment (1990-2012)	% Change in Employment (1990-2012)
All Private, Non-Farm Employment	**312,037**	**12,410**	**4.1%**
1. Health Care and Social Assistance (62)	60,727	16,408	37.0%
2. Retail Trade (44-45)	29,032	-3,098	-9.6%
3. Accommodation and Food Services (72)	23,395	6,988	42.6%
4. Manufacturing (31-33)	22,863	-40,716	-64.0%
5. Administrative and Waste Management Services (56)	22,703	4,428	24.2%
6. Educational Services (61)	22,662	9,375	70.6%
7. Finance and Insurance (52)	21,832	1,973	9.9%
8. Professional, Scientific, and Technical Services (54)	20,790	4,800	30.0%
9. Other Services, except Public Administration (81)	17,188	2,576	17.6%
10. Construction (23)	15,732	99	0.6%
11. Real Estate and Rental and Leasing (53)	7,451	5,295	71.1%
12. Wholesale Trade (42)	11,471	-1,340	-10.5%
13. Information (51)	8,064	-941	-10.4%
14. Arts, Entertainment, and Recreation (71)	7,655	2,504	48.6%
15. Management of companies and enterprises (55)	7,001	3,163	82.4%
16. Transportation and Warehousing (48-49)	6,916	1,491	27.5%
17. Utilities (22)	891	-463	-34.2%
18. Forestry, Fishing, and Related Activities (113-115)	212	-133	-38.6%
19. Mining (21)	157	1	0.6%

SOURCE: Bureau of Economic Analysis; Bureau of Labor Statistics; Regional Economic Models, Inc.

Industries that experienced employment gains include Health Care and Social Assistance (+16,408 jobs), Educational Services (+9,375), Accommodation and Food Services (+6,988), Real Estate and Rental and Leasing (+5,295), and Professional, Scientific, and Technical Services (+4,800). The most notable employment decline occurred in the Manufacturing sector, which lost over 40,000 jobs from 1990 to 2012, representing nearly two-thirds of the jobs that existed in the sector at the beginning of that time period. Other industries experiencing job losses were Retail Trade (-3,098 jobs), Wholesale Trade (-1,340), Information (-941), Utilities (-463), and Forestry, Fishing, and Related Activities (-133). Chart 2 presents employment totals for each economic sector in 1990, 2000, and 2012.

Chart 2
Providence County Employment by Economic Sector in 1990, 2000, and 2012



Projected Employment in 2020

The REMI model projects that total employment in Providence County will reach 412,378 by 2020, an increase of 17.9 percent from 2012. Private, non-farm employment is projected to increase by 20.1 percent to total 374,739 jobs, or 90.9 percent of all employment. Government employment is projected to increase by 0.06 percent to reach 37,140 jobs and accounting for 9.0 percent of total employment.

Table 4
Providence County Employment in 2012 and 2020

	2012	2020*	% Change
Total Employment	349,668	412,378	17.9%
Private, Non-Farm Employment	312,037	374,739	20.1%
Government Employment	37,118	37,140	0.06%

SOURCE: Bureau of Economic Analysis; Bureau of Labor Statistics; Regional Economic Models, Inc.
*REMI Projection

According to the REMI model, the Health Care and Social Assistance sector will continue to have the highest employment among private sector industries in 2020. The sector is projected to employ 76,093 people in 2020, an increase of 15,366, or 25.3 percent, from 2012. Retail Trade (33,772 jobs), Accommodation and Food Services (27,798), Administrative and Waste Management Services (27,500), and Educational Services (26,538) are anticipated to round out the top five sectors ranked by employment in 2020. Four of the top five industry sectors from 2012 are projected to remain the same in 2020; the Manufacturing sector is replaced by Educational Services.

Table 5
Projected Providence County Employment by Economic Sector in 2020

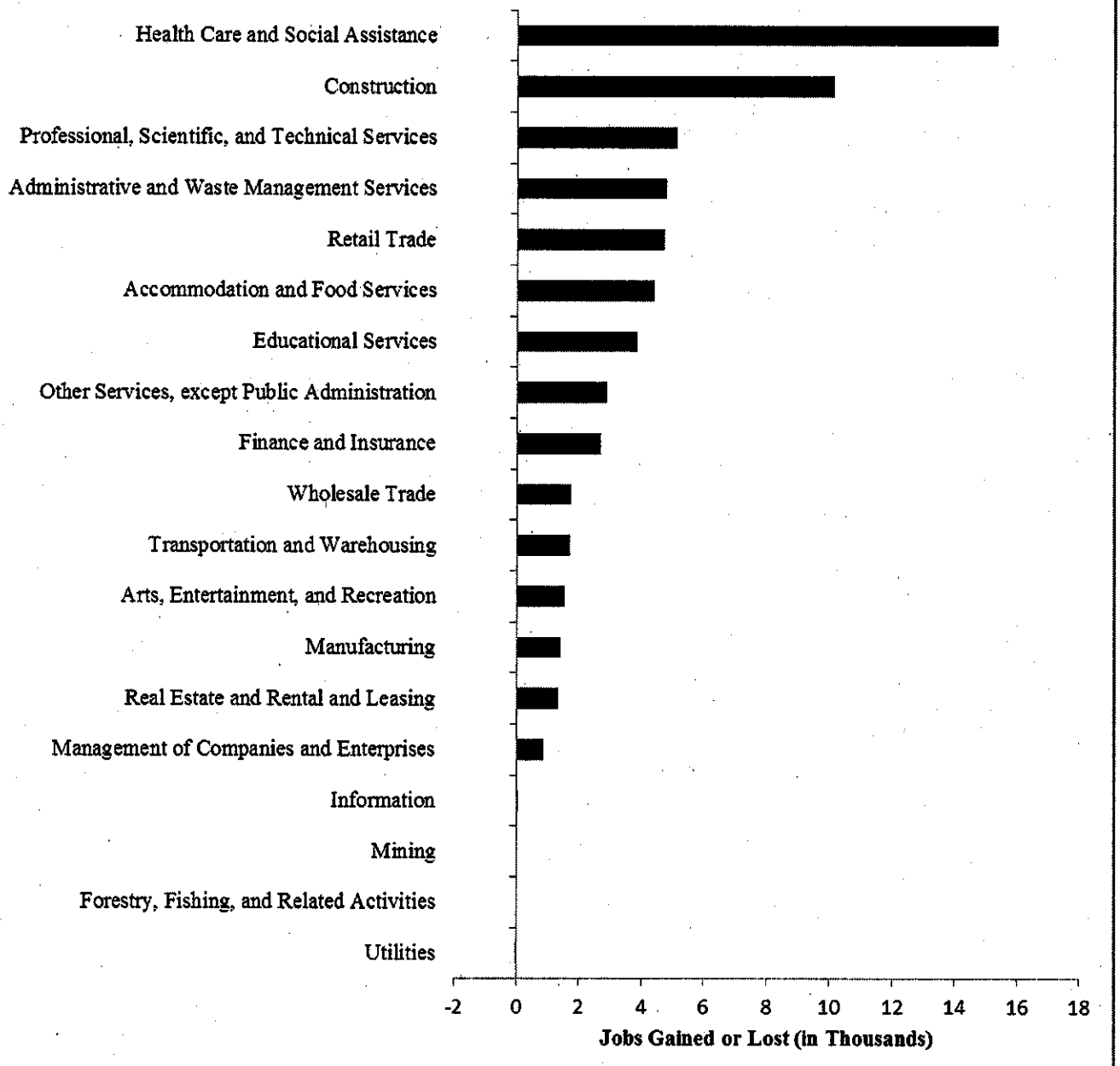
Economic Sector (NAICS code in parenthesis)	Employment (2020)	Change in Employment (2012-2020)	% Change in Employment (2012-2020)
All Private, Non-Farm Employment	**374,739**	**62,702**	**20.1%**
1. Health Care and Social Assistance (62)	76,093	15,366	25.3%
2. Retail Trade (44-45)	33,772	4,740	16.3%
3. Accommodation and Food Services (72)	27,798	4,403	18.8%
4. Administrative and Waste Management Services (56)	27,500	4,797	21.1%
5. Educational Services (61)	26,538	3,876	17.1%
6. Professional, Scientific, and Technical Services (54)	25,928	5,138	24.7%
7. Construction (23)	25,892	10,160	64.6%
8. Finance and Insurance (52)	24,529	2,697	12.4%
9. Manufacturing (31-33)	24,261	1,398	6.1%
10. Other Services, except Public Administration (81)	20,058	2,870	16.7%
11. Real Estate and Rental and Leasing (53)	14,103	1,357	10.6%
12. Wholesale Trade (42)	13,199	1,728	15.1%
13. Arts, Entertainment, and Recreation (71)	9,202	1,547	20.2%
14. Transportation and Warehousing (48-49)	8,626	1,710	24.7%
15. Information (51)	8,112	48	0.6%
16. Management of Companies and Enterprises (55)	7,865	864	12.3%
17. Utilities (22)	837	-54	-6.1%
18. Forestry, Fishing, and Related Activities (113-115)	222	10	4.7%
19. Mining (21)	202	45	28.7%

SOURCE: Bureau of Economic Analysis; Bureau of Labor Statistics; Regional Economic Models, Inc. Projections

The industries projected to experience the largest employment gains by 2020 are Health Care and Social Assistance (+15,366 jobs),

Construction (+10,160), Professional, Scientific, and Technical Services (+5,138), Administrative and Waste Management Services (+4,797), and Retail Trade (+4,740). All industry sectors, with the exception of Utilities, are projected to gain jobs between 2012 and 2020. Chart 3 displays the projected employment growth for each sector from 2012 to 2020.

Chart 3
Projected Change in Employment by Economic Sector, 2012-2020



Wages

Wages in 2012

In addition to examining employment trends in Providence County since 1990, it is also necessary to analyze the wages that jobs in each industry sector pay to employees. The average annual wage rate attempts to measure the monetary compensation that employees receive while excluding other benefits such as health insurance. Additionally, income earned by self-proprietors is not included in this variable; certain industries that include many self-proprietors, such as Real Estate and Rental and Leasing, may appear to have less income than they do in reality. Thus, any interpretation of the data in this section should take into account the fact that different industry sectors vary in terms of the overall compensation packages that they may offer to employees.

Table 6
Providence County Average Annual Wage Rate
CY 1990 - 2012

	Nominal Wages ($ Current)	Real Wages ($ 2012)	% Change (Real)
1990	20,253	35,577	N/A
1991	20,743	34,967	-1.7%
1992	21,726	35,554	1.7%
1993	22,296	35,426	-0.4%
1994	23,031	35,680	0.7%
1995	24,135	36,360	1.9%
1996	24,795	36,283	-0.2%
1997	25,931	37,094	2.2%
1998	27,280	38,425	3.6%
1999	28,250	38,932	1.3%
2000	29,378	39,170	0.6%
2001	30,403	39,415	0.6%
2002	31,506	40,209	2.0%
2003	33,044	41,232	2.5%
2004	33,967	41,284	0.1%
2005	34,916	41,047	-0.6%
2006	36,592	41,673	1.5%
2007	37,152	41,139	-1.3%
2008	38,526	41,083	-0.1%
2009	38,364	41,057	-0.1%
2010	39,558	41,651	1.4%
2011	40,638	41,479	-0.4%
2012	40,794	40,794	-1.7%

SOURCE: Bureau of Economic Analysis; Bureau of Labor Statistics; Regional Economic Models, Inc.; RIPEC Calculations

The average annual wage rate across all employment in Providence County was $40,794 in 2012. In real terms, the average wage in 2012 had less purchasing power than the average wage in 2003. As Table 6 and Chart 4 demonstrate, real wages have been essentially flat since 2002 despite steady increases in nominal wages. Real wages have declined in five of the last six calendar years and six of the last eight, in contrast to the increases in real wages that occurred throughout most of the 1990s and early 2000s. Despite nominal wages approximately doubling from 1990 to 2012, real wages only increased by 14.7 percent during that timeframe.

The industry sectors with the highest average annual wage rates in 2012 were Management of Companies and Enterprises ($124,216), Utilities ($91,878), Finance and Insurance ($67,791), Information ($61,912), and Wholesale Trade ($58,963). Table 7 presents wage data for each industry sector along with the number of people that were employed in each sector during 2012. As policymakers set economic policy and determine the appropriate level of public support to provide to different industries, they should consider the wages that employees will receive in each.

Chart 4
Providence County Average Annual Wage Rate
CY 1990 - 2012

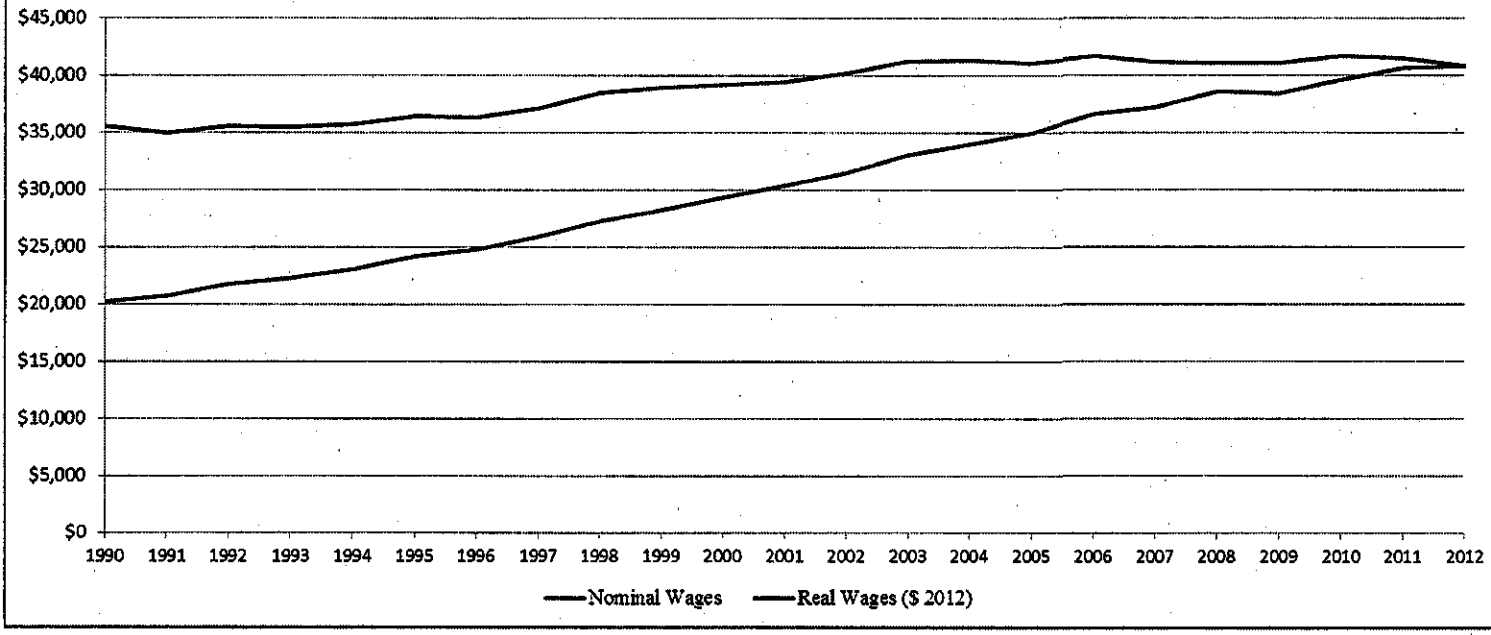


Table 7
Providence County Average Annual Wage Rate and Employment by Economic Sector in 2012

Economic Sector (NAICS code in parenthesis)	Average Annual Wage Rate	Employment
Management of Companies and Enterprises (55)	$124,216	7,001
Utilities (22)	$91,878	891
Finance and Insurance (52)	$67,791	21,832
Information (51)	$61,912	8,064
Wholesale Trade (42)	$58,963	11,471
Manufacturing (31-33)	$45,798	22,863
Health Care and Social Assistance (62)	$42,218	60,727
Professional, Scientific, and Technical Services (54)	$42,105	20,790
Mining (21)	$38,815	157
Educational services (61)	$38,214	22,662
Construction (23)	$37,732	15,732
Transportation and Warehousing (48-49)	$32,847	6,916
Other Services, except Public Administration (81)	$25,368	17,188
Administrative and Waste Management Services (56)	$25,225	22,703
Retail Trade (44-45)	$23,682	29,032
Accommodation and Food Services (72)	$17,639	23,395
Arts, Entertainment, and Recreation (71)	$14,447	7,655
Forestry, Fishing, and Related Activities (113-115)	$12,890	212
Real Estate and Rental and Leasing (53)	$11,095	12,746

SOURCE: Bureau of Economic Analysis; Bureau of Labor Statistics; Regional Economic Models, Inc.

Projected Wages in 2020

The REMI model projects the average annual wage rate to increase by 24.7 percent over the remainder of this decade to reach $50,872 by 2020. However, the level of inflation that occurs over that time period will play a significant role in determining the real value of the increase. Should inflation remain relatively low, the likelihood of an increase in real wages will increase. Alternatively, an increase in inflation during the coming years will decrease the real value of wages and negatively impact the purchasing power that workers in Providence County have. Table 8 presents REMI's projections for the average annual wage rate in each industry sector in 2020.

Table 8
Projected Providence County Average Annual Wage Rate and Employment by Economic Sector in 2020

Economic Sector (NAICS code in parenthesis)	Average Annual Wage Rate	% Change in Avg. Annual Wage Rate from 2012	Employment in 2020
Management of Companies and Enterprises (55)	$156,548	26.0%	7,865
Utilities (22)	$114,590	24.7%	837
Finance and Insurance (52)	$85,271	25.8%	24,529
Information (51)	$79,081	27.7%	8,112
Wholesale Trade (42)	$74,012	25.5%	13,199
Manufacturing (31-33)	$56,690	23.8%	24,261
Professional, Scientific, and Technical Services (54)	$53,837	27.9%	25,928
Health Care and Social Assistance (62)	$53,784	27.4%	76,093
Mining (21)	$49,890	28.5%	202
Construction (23)	$48,398	28.3%	25,892
Educational Services (61)	$48,317	26.4%	26,538
Transportation and Warehousing (48-49)	$41,106	25.1%	8,626
Other Services, except Public Administration (81)	$31,794	25.3%	20,058
Administrative and Waste Management Services (56)	$31,732	25.8%	27,500
Retail Trade (44-45)	$29,737	25.6%	33,772
Accommodation and Food Services (72)	$22,388	26.9%	27,798
Arts, Entertainment, and Recreation (71)	$17,886	23.8%	9,202
Forestry, Fishing, and Related Activities (113-115)	$16,442	27.6%	222
Real Estate and Rental and Leasing (53)	$14,229	28.2%	14,103

SOURCE: Bureau of Economic Analysis; Bureau of Labor Statistics; Regional Economic Models, Inc.

Contribution to GDP

Total Value Added in 2012

Gross Domestic Product (GDP) is a statistic that measures the total economic output of a particular geographic region. It is also possible to examine the contribution that individual industry sectors make to an area's GDP. In 2012, Providence County's GDP was $30.336 billion, a real increase of 3.1 percent from 2011. Table 9 presents the county's GDP in real and nominal terms from 1990 to 2012 as well as the percentage change in real GDP from the previous year. GDP follows a similar trend as employment and wages; steady growth in the mid- to late-1990s was replaced by slow growth throughout the 2000s and a total collapse that occurred between 2007 and 2009.

Table 9
Providence County Gross Domestic Product, 1990 - 2012

	Nominal GDP*	Real GDP ($ 2012)*	% Change (Real)
1990	$12.169	$21.377	N/A
1991	$12.156	$20.492	-4.1%
1992	$13.203	$21.606	5.4%
1993	$14.062	$22.342	3.4%
1994	$14.629	$22.663	1.4%
1995	$15.216	$22.923	1.1%
1996	$15.850	$23.193	1.2%
1997	$16.774	$23.995	3.5%
1998	$17.641	$24.849	3.6%
1999	$18.782	$25.884	4.2%
2000	$20.077	$26.768	3.4%
2001	$20.826	$26.999	0.9%
2002	$21.615	$27.585	2.2%
2003	$22.550	$28.138	2.0%
2004	$23.399	$28.440	1.1%
2005	$24.512	$28.816	1.3%
2006	$25.895	$29.491	2.3%
2007	$26.739	$29.609	0.4%
2008	$27.320	$29.134	-1.6%
2009	$26.213	$28.053	-3.7%
2010	$27.531	$28.988	3.3%
2011	$28.839	$29.436	1.5%
2012	$30.336	$30.336	3.1%

*Note: Billions of $

SOURCE: Bureau of Economic Analysis; Bureau of Labor Statistics; Regional Economic Models, Inc.

In 2012, the largest industry sector by total value added was Finance and Insurance, which contributed $3.08 billion to the GDP of Providence County. Health Care and Social Assistance ($3.03 billion), Real Estate and Rental and Leasing ($2.78 billion), Manufacturing ($2.14 billion), and Information (1.63 billion) were also among the top five sectors in total value added to Providence County's GDP in 2012.

From 1990 to 2012, the industry sector with the largest percentage growth in contribution to GDP was Real Estate and Rental and Leasing, which increased by 265.9 percent over that time period. Other sectors that experienced the largest growth in percentage terms were Management of Companies and Enterprises (176.5 percent), Information (127.8 percent), Wholesale Trade (101.7 percent), and Finance and Insurance (69.8 percent). The sectors with the largest percentage decline in total value added to GDP from 1990 to 2012 were Forestry, Fishing, and Related Activities (-33.3 percent), Mining (-32.0 percent), Manufacturing (-29.2 percent), Construction (-23.1 percent), and Utilities (-13.9 percent).

Table 10 provides the total value added to GDP by each economic sector for 1990 and 2012 as well as the percentage change that occurred in between those two years.

Table 10
Providence County Total Value Added by Economic Sector, 1990 - 2012
(Sorted by 2012 Value)

Economic Sector (NAICS code in parenthesis)	Total Value Added in 1990*	Total Value Added in 2012*	Percent Change
Finance and Insurance (52)	$1.81	$3.08	69.8%
Health Care and Social Assistance (62)	$2.08	$3.03	46.0%
Real Estate and Rental and Leasing (53)	$0.76	$2.78	265.9%
Manufacturing (31-33)	$3.02	$2.14	-29.2%
Information (51)	$0.72	$1.63	127.8%
Professional, Scientific, and Technical Services (54)	$0.99	$1.55	56.4%
Wholesale Trade (42)	$0.77	$1.55	101.7%
Retail Trade (44-45)	$0.99	$1.42	43.7%
Administrative and Waste Management Services (56)	$0.56	$0.92	65.0%
Management of Companies and Enterprises (55)	$0.32	$0.88	176.5%
Construction (23)	$1.06	$0.81	-23.1%
Educational Services (63)	$0.63	$0.78	23.7%
Accommodation and Food Services (72)	$0.40	$0.66	67.8%
Other Services, except Public Administration (81)	$0.54	$0.66	22.2%
Transportation and Warehousing (48-49)	$0.24	$0.39	61.1%
Utilities (22)	$0.35	$0.30	-13.9%
Arts, Entertainment, and Recreation (71)	$0.21	$0.24	13.2%
Mining (21)	$0.03	$0.02	-32.0%
Forestry, Fishing, and Related Activities (113-115)	$0.00	$0.00	-33.3%

*Note: In Billions of $ 2005

SOURCE: Bureau of Economic Analysis; Bureau of Labor Statistics; Regional Economic Models, Inc.

Projected Total Value Added in 2020

The REMI model projects that the five economic sectors making the largest contributions to Providence County's GDP in 2020 will remain the same as in 2012. Finance and Insurance will remain the largest contributor to GDP by adding $4.01 billion followed by Health Care and Social Assistance ($3.85 billion), Real Estate and Rental and Leasing ($3.52 billion), Manufacturing ($2.80 billion), and Information ($2.29 billion).

In terms of the percentage change in contribution to Providence County's GDP from 2012 to 2020, REMI projects that the economic sectors experiencing the largest increase will be Management of Companies and Enterprises (50.9 percent), Forestry, Fishing, and Related Activities (50.0 percent), Mining (47.1 percent), Information (40.5 percent), and Retail Trade (40.0 percent). All sectors are projected to increase their total value added to GDP between 2012 and 2020 but those anticipated to see the smallest percentage increase are Utilities (9.9 percent), Educational Services (17.0 percent), Other Services, except Public Administration (26.4

percent), Real Estate and Rental and Leasing (26.6 percent), and Health Care and Social Assistance (27.1 percent).

Table 11 presents the total value added to GDP by each sector for 2012, the projected total value added to GDP for each sector in 2020, and the projected percentage change between those two years.

Table 11
Projected Providence County Total Value Added by Economic Sector, 2012 - 2020 (Sorted by 2012 Value)

Economic Sector (NAICS code in parenthesis)	Total Value Added in 2012*	Projected Total Value Added in 2020*	Percent Change
Finance and Insurance (52)	$3.08	$4.01	30.3%
Health Care and Social Assistance (62)	$3.03	$3.85	27.1%
Real Estate and Rental and Leasing (53)	$2.78	$3.52	26.6%
Manufacturing (31-33)	$2.14	$2.80	30.9%
Information (51)	$1.63	$2.29	40.5%
Professional, Scientific, and Technical Services (54)	$1.55	$2.13	37.7%
Wholesale Trade (42)	$1.55	$2.07	33.9%
Retail Trade (44-45)	$1.42	$1.99	40.0%
Administrative and Waste Management Services (56)	$0.92	$1.22	32.0%
Management of Companies and Enterprises (55)	$0.88	$1.33	50.9%
Construction (23)	$0.81	$1.45	77.9%
Educational Services (63)	$0.78	$0.92	17.0%
Accommodation and Food Services (72)	$0.66	$0.89	34.2%
Other Services, except Public Administration (81)	$0.66	$0.83	26.4%
Transportation and Warehousing (48-49)	$0.39	$0.53	36.6%
Utilities (22)	$0.30	$0.33	9.9%
Arts, Entertainment, and Recreation (71)	$0.24	$0.31	29.6%
Mining (21)	$0.02	$0.03	47.1%
Forestry, Fishing, and Related Activities (113-115)	$0.00	$0.00	50.0%

*Note: In Billions of $ 2005

SOURCE: Bureau of Economic Analysis; Bureau of Labor Statistics; Regional Economic Models, Inc.

Location Quotient

Location Quotient in 2012

The Location Quotient for Employment (LQ) statistic attempts to measure the concentration of an industry in a specific geographic area compared to the national average. The rationale for doing so is that highly-concentrated industries are generally unique to an area and often export the goods and services that they produce to other regions. In turn, the exporting of goods and services generates new wealth for a region by attracting funds that originate elsewhere as opposed to recycling the wealth that is already in the local economy. Examining the trends that take place in the LQ value for different industries over time makes it possible to determine how changes in the local economy compare to national changes.

In 2012, the economic sector with the highest LQ value in Providence County was Educational Services at 2.445. Other sectors with an LQ value above 1.0 included Management of Companies and Enterprises (1.623), Health Care and Social Assistance (1.461), Information (1.213), and Finance and Insurance (1.140). An LQ value above 1.0 indicates that the percentage of employment in Providence County in each sector is higher than the percentage in each sector nationally. Together, these sectors represent the foundation of the county's economy and differentiate the local economy from other regions. Table 12 presents LQ values for each sector for 1990 and 2012, as well as the percentage change that occurred between those two years.

Table 12
Providence County Location Quotient for Employment, 1990 - 2012
(Sorted by 2012 Value)

Economic Sector (NAICS code in parenthesis)	LQ (1990)	LQ (2012)	Percent Change
Educational Services (61)	2.486	2.445	-1.65%
Management of Companies and Enterprises (55)	1.069	1.623	51.82%
Health Care and Social Assistance (62)	1.507	1.461	-3.05%
Information (51)	1.116	1.213	8.69%
Finance and Insurance (52)	1.110	1.140	2.70%
Administrative and Waste Management Services (56)	1.197	0.998	-16.62%
Arts, Entertainment, and Recreation (71)	0.890	0.943	5.96%
Manufacturing (31-33)	1.334	0.928	-30.43%
Wholesale Trade (42)	0.854	0.896	4.92%
Accommodation and Food Services (72)	0.749	0.884	18.02%
Construction (23)	0.811	0.838	3.33%
Professional, Scientific, and Technical Services (54)	0.833	0.830	-0.36%
Other Services, except Public Administration (81)	0.735	0.812	10.48%
Real Estate and Rental and Leasing (53)	0.646	0.787	21.83%
Retail Trade (44-45)	0.759	0.775	2.11%
Utilities (22)	0.682	0.767	12.46%
Transportation and Warehousing (48-49)	0.484	0.586	21.07%
Forestry, Fishing, and Related Activities (113-115)	0.171	0.119	-30.41%
Mining (21)	0.068	0.054	-20.59%

SOURCE: Bureau of Economic Analysis; Bureau of Labor Statistics; Regional Economic Models, Inc.

The sector with the largest percentage change in LQ value from 1990 to 2012 was Management of Companies and Enterprises, which increased by 51.82 percent. Sectors that also experienced large percentage increases during that time period were Real Estate and Rental and Leasing

(21.83 percent), Transportation and Warehousing (21.07 percent), Accommodation and Food Services (18.02 percent), and Utilities (12.46 percent). An increase in LQ value over time indicates that employment in a sector is increasing in the percentage of overall employment that it accounts for relative to the national average. This could indicate that the percentage of all employment accounted for by a sector is decreasing faster nationally than in Providence County or that the percentage of employment in a sector is increasing faster in Providence County than it is nationally.

The sector with the largest decline in LQ value from 1990 to 2012 was Manufacturing, which declined by 30.43 percent. Other sectors that experienced declines in LQ value over the same time period were Forestry, Fishing, and Related Activities (-30.41 percent), Mining (-20.59 percent), Administrative and Waste Management Services (-16.62 percent), and Health Care and Social Assistance (-3.05 percent). A decline in LQ value over time suggests that the percentage of all employment in a sector is increasing faster nationally than in Providence County or that the percentage of employment in a sector is decreasing slower nationally than in Providence County. The sharp decline in LQ value for the Manufacturing sector reinforces the decline of the sector that is seen in the employment and total value added to GDP variables.

Projected Location Quotient in 2020

The REMI model projects that Educational Services (2.429), Management of Companies and Enterprises (1.622), Health Care and Social Assistance (1.477), Information (1.161), and Finance and Insurance (1.157) will continue to have the highest LQ values in 2020.

In terms of percentage change, REMI projects that the sector with the largest increase from 2012 to 2020 will be Mining (16.67 percent) followed by Arts, Entertainment, and Recreation (3.18 percent), Forestry, Fishing, and Related Activities (2.52 percent), Finance and Insurance (1.49 percent), and Transportation

Table 13
Projected Providence County Location Quotient for Employment, 2012 - 2020 (Sorted by 2012 Value)

Economic Sector (NAICS code in parenthesis)	LQ (2012)	LQ (2020)	Percent Change
Educational Services (61)	2.445	2.429	-0.65%
Management of Companies and Enterprises (55)	1.623	1.622	-0.06%
Health Care and Social Assistance (62)	1.461	1.477	1.10%
Information (51)	1.213	1.161	-4.29%
Finance and Insurance (52)	1.140	1.157	1.49%
Administrative and Waste Management Services (56)	0.998	0.996	-0.20%
Arts, Entertainment, and Recreation (71)	0.943	0.973	3.18%
Manufacturing (31-33)	0.928	0.897	-3.34%
Wholesale Trade (42)	0.896	0.890	-0.67%
Accommodation and Food Services (72)	0.884	0.885	0.11%
Construction (23)	0.838	0.835	-0.36%
Professional, Scientific, and Technical Services (54)	0.830	0.829	-0.12%
Other Services, except Public Administration (81)	0.812	0.810	-0.25%
Real Estate and Rental and Leasing (53)	0.787	0.784	-0.38%
Retail Trade (44-45)	0.775	0.782	0.90%
Utilities (22)	0.767	0.763	-0.52%
Transportation and Warehousing (48-49)	0.586	0.593	1.19%
Forestry, Fishing, and Related Activities (113-115)	0.119	0.122	2.52%
Mining (21)	0.054	0.063	16.67%

SOURCE: Bureau of Economic Analysis; Bureau of Labor Statistics; Regional Economic Models, Inc.

and Warehousing (1.19 percent). The REMI model also projects that the sectors with the largest percentage declines in LQ value from 2012 to 2020 will be Information (-4.29 percent), Manufacturing (-3.34 percent), Wholesale Trade (- 0.67 percent), Educational Services (-0.65 percent), and Utilities (-0.52 percent). Table 13 presents LQ value data for each sector in 2012, the REMI model's projected LQ value for each sector in 2020, and the projected percentage change between the two years.

Manufacturing Sector

The manufacturing sector, which once dominated the economy of Providence County, has declined in size over the past two decades but continues to play a significant role in the local economy. In 2012, employment in the NAICS Economic Sector "Manufacturing" (31-33) totaled 22,863 in Providence County, a decrease of 64.04 percent from the 1990 total of 63,579. Manufacturing has also declined as a share of total employment in the county, decreasing from 18.70 percent of all employment in 1990 to 6.54 percent in 2012. Employment in the manufacturing sector is projected by REMI to increase by 6.11 percent to reach 24,261 from 2012 to 2020. In 2020, the manufacturing sector is projected to account for 5.88 percent (24,261 jobs) of total employment in Providence County.

Table 14
Providence County Manufacturing Sector Summary

	2012
Employment	22,863
Avg. Annual Wage Rate (Nominal $)	$45,798
Total Value Added to GDP (Billions of $)	$2.14
Location Quotient	0.928

SOURCE: Bureau of Economic Analysis; Bureau of Labor Statistics; Regional Economic Models, Inc.

In 2012, the Manufacturing economic sector employed 22,863 people in Providence County with an average annual wage rate of $45,798. The sector was the 9th largest in the county in terms of employment and had the 6th highest average annual wage rate. The sector's total value added to GDP of $2.14 billion placed it 4th among all sectors in 2012 and its Location Quotient of 0.928 was 8th highest. Thus, although the sector has declined from its previous heights, it

Table 16
Providence County Manufacturing Subsectors in 2012 (Sorted by Employment)

Manufacturing Subsector (NAICS code in parenthesis)	Employment	Avg. Annual Wage Rate	Total Value Added to GDP*	Location Quotient
Miscellaneous Manufacturing (339)	5,016	$45,368	$0.532	3.968
Fabricated Metal Product Manufacturing (332)	3,407	$43,837	$0.263	1.212
Food Manufacturing (311)	2,421	$30,778	$0.151	0.786
Textile Mills; Textile Product Mills (313-314)	1,587	$35,437	$0.089	3.124
Printing and Related Support Activities (323)	1,256	$40,665	$0.078	1.129
Primary Metal Manufacturing (331)	1,241	$44,105	$0.114	1.587
Machinery Manufacturing (333)	1,143	$52,049	$0.100	0.536
Plastics and Rubber Product Manufacturing (326)	1,077	$52,165	$0.100	0.816
Computer and Electronic Product Manufacturing (334)	1,009	$66,447	$0.135	0.460
Chemical Manufacturing (325)	963	$75,777	$0.195	0.585
Paper Manufacturing (322)	895	$49,344	$0.081	1.120
Furniture and Related Product Manufacturing (337)	641	$40,653	$0.053	0.812
Nonmetallic Mineral Product Manufacturing (327)	578	$45,354	$0.060	0.726
Beverage and Tobacco Product Manufacturing (312)	498	$47,512	$0.080	1.256
Electrical Equipment and Appliance Manufacturing (335)	481	$70,210	$0.055	0.659
Wood Product Manufacturing (321)	379	$37,586	$0.025	0.473
Apparel Manufacturing; Leather and Allied Product Manufacturing (315-316)	124	$15,229	$0.003	0.302
Other Transportation Equipment Manufacturing (3364-3369)	71	$69,469	$0.008	0.052
Motor Vehicles, Bodies and Trailers, and Parts Manufacturing (3361-3363)	59	$35,032	$0.005	0.040
Petroleum and Coal Products Manufacturing (324)	18	$53,148	$0.008	0.079

*Billions of $
SOURCE: Bureau of Economic Analysis; Bureau of Labor Statistics; Regional Economic Models, Inc.

remains an important part of Providence County's economy.

Between 2012 and 2020, the REMI model projects that employment in the Manufacturing economic sector will increase by 6.1 percent to total 24,261 jobs. Projections also anticipate that the average annual wage rate in the sector will reach $56,690 by 2020, an increase of 23.8 percent from 2012. Furthermore, REMI projects that the total value added to GDP by the sector will increase by nearly one-third to reach approximately $2.80 billion by 2020 despite a slight decrease of 3.3 percent in the LQ value to 0.897. Tables 17 and 18 present REMI projection data for the Manufacturing sector in 2020.

Table 17

Providence County Manufacturing Sector - 2020 Projections

	2020	% Change since 2012
Employment	24,261	6.1%
Avg. Annual Wage Rate (Nominal $)	$56,690	23.8%
Total Value Added to GDP (Billions of $)	$2.80	30.9%
Location Quotient	0.897	-3.3%

SOURCE: Bureau of Economic Analysis; Bureau of Labor Statistics; Regional Economic Models, Inc.

Table 18
Projected Providence County Manufacturing Subsectors in 2020 (Sorted by Projected Employment)

Manufacturing Subsector (NAICS code in parenthesis)	Employment	Avg. Annual Wage Rate (Nominal $)	Total Value Added to GDP*	Location Quotient
Miscellaneous Manufacturing (339)	4,479	$58,130	0.648	3.727
Fabricated Metal Product Manufacturing (332)	4,196	$54,013	0.371	1.202
Food Manufacturing (311)	2,569	$38,555	0.174	0.777
Textile Mills; Textile Product Mills (313-314)	1,629	$43,459	0.093	3.119
Plastics and Rubber Product Manufacturing (326)	1,396	$64,433	0.138	0.852
Primary Metal Manufacturing (331)	1,377	$52,437	0.143	1.545
Printing and Related Support Activities (323)	1,192	$50,134	0.1	1.12
Machinery Manufacturing (333)	1,150	$64,987	0.135	0.526
Computer and Electronic Product Manufacturing (334)	980	$84,423	0.236	0.455
Paper Manufacturing (322)	923	$61,025	0.1	1.155
Chemical Manufacturing (325)	875	$93,995	0.249	0.575
Furniture and Related Product Manufacturing (337)	797	$50,236	0.069	0.818
Nonmetallic Mineral Product Manufacturing (327)	760	$57,146	0.09	0.691
Beverage and Tobacco Product Manufacturing (312)	578	$59,323	0.098	1.285
Wood Product Manufacturing (321)	543	$46,707	0.039	0.463
Electrical Equipment and Appliance Manufacturing (335)	518	$85,977	0.078	0.689
Apparel Manufacturing; Leather and Allied Product Manufacturing (315-316)	144	$18,626	0.005	0.304
Other Transportation Equipment Manufacturing (3364-3369)	71	$86,756	0.008	0.05
Motor Vehicles, Bodies and Trailers, and Parts Manufacturing (3361-3363)	67	$43,126	0.008	0.038
Petroleum and Coal Products Manufacturing (324)	2	$66,268	0.01	0.095

*Billions of $
SOURCE: Bureau of Economic Analysis; Bureau of Labor Statistics; Regional Economic Models, Inc.

Arts and Culture Sector

With its moniker as the "Creative Capital," Providence is well-known as a center of the arts and culture. These industries add greatly to the quality of life in the city and also provide a large number of jobs. For the purposes of this analysis, the "Arts and Culture" sector is actually a combination of several NAICS sectors and subsectors. Included in the definition of the Arts and Culture sector are the Arts, Entertainment, and Recreation sector, Accommodation and Food Services sector, and two subsectors from the larger Information sector: Publishing Industries (except Internet), and Motion Picture and Sound Recording Industries. Totals provided for the Arts and Culture sector are the combination of these sectors and subsectors.

In 2012, the Arts and Culture sector employed a total of 33,409 people at an average annual wage rate of $19,775. The sector contributed a total of $1.29 billion to Providence County's economy. Location quotient data is not available for the newly-created sector used by this analysis but Table 20 provides the LQ for each of the component sectors and subsectors. The Arts and Culture sector would be the 2nd largest sector by employment in Providence County if it were a NAICS economic sector.

Table 19
Providence County Arts and Culture Sector Summary

	2012
Employment	33,409
Avg. Annual Wage Rate (Nominal $)	$19,775
Total Value Added to GDP (Billions of $)	$1.29
Location Quotient	N/A

SOURCE: Bureau of Economic Analysis; Bureau of Labor Statistics; Regional Economic Models, Inc.

Table 20
Providence County Arts and Culture Subsectors in 2012 (Sorted by Employment)

Arts and Culture Subsector (NAICS code in parenthesis)	Employment	Avg. Annual Wage Rate	Total Value Added to GDP*	Location Quotient
Arts, Entertainment, and Recreation (71)	7,655	$14,447	$0.24	0.943
Accommodation and Food Services (72)	23,395	$17,639	$0.66	0.884
Publishing Industries, except Internet (511)	1,809	$68,483	$0.34	0.984
Motion Picture and Sound Recording Industries (512)	550	$24,629	$0.05	0.562

*Billions of $
SOURCE: Bureau of Economic Analysis; Bureau of Labor Statistics; Regional Economic Models, Inc.

In 2020, the REMI model projects that the Arts and Culture sector will collectively employ 39,465 people, an increase of 18.1 percent from 2012. It also projects that the average annual wage rate will rise by 25.3 percent to reach $24,776. Total value added to GDP by the sector is anticipated to rise to $1.80 billion, an increase of 39.3 percent. Tables 21 and 22 present REMI projection data for the Arts and Culture sector in 2020.

Table 21
Providence County Arts and Culture Sector - 2020 Projections

	2020	% Change since 2012
Employment	39,465	18.1%
Avg. Annual Wage Rate (Nominal $)	$24,776	25.3%
Total Value Added to GDP (Billions of $)	$1.80	39.3%
Location Quotient	N/A	N/A

SOURCE: Bureau of Economic Analysis; Bureau of Labor Statistics; Regional Economic Models, Inc.

Table 22
Providence County Projected Arts and Culture Subsectors in 2020 (Sorted by Projected Employment)

Arts and Culture Subsector (NAICS code in parenthesis)	Employment	Avg. Annual Wage Rate (Nominal $)	Total Value Added to GDP*	Location Quotient
Arts, Entertainment, and Recreation (71)	9,202	$17,886	$0.31	0.973
Accommodation and Food Services (72)	27,798	$22,388	$0.89	0.885
Publishing Industries, except Internet (511)	1,931	$90,241	$0.54	0.965
Motion Picture and Sound Recording Industries (512)	534	$31,102	$0.06	0.564

*Billions of $
SOURCE: Bureau of Economic Analysis; Bureau of Labor Statistics; Regional Economic Models, Inc.

Financial Services Sector

The Financial Services sector, which includes banking, insurance carriers, and investment services, is a vitally important industry in Providence County. Accounting for 21,832 jobs in 2012, the sector is the 8th largest by employment and pays among the highest average annual wage rate of any sector in the county. The sector is also highly productive; in 2012, it contributed $3.08 billion to the GDP of Providence County. In addition, the sector has an above-average concentration with an LQ value of 1.14.

Table 23
Providence County Financial Services Sector Summary

	2012
Employment	21,832
Avg. Annual Wage Rate (Nominal $)	$67,791
Total Value Added to GDP (Billions of $)	$3.08
Location Quotient	1.14

SOURCE: Bureau of Economic Analysis; Bureau of Labor Statistics; Regional Economic Models, Inc.

Tables 23 provides summary data for the Financial Services sector in 2012 while Table 24 provides data for each of the component subsectors that comprise the larger sector.

Table 24

Providence County Financial Services Subsectors in 2012 (Sorted by Employment)

Financial Services Subsector (NAICS code in parenthesis)	Employment	Avg. Annual Wage Rate	Total Value Added to GDP*	Location Quotient
Monetary Authorities - Central Bank; Credit Intermediation and Related Activities; Funds, Trusts, & Other Financial Vehicles (521,522,525)	6,277	$65,154	$1.38	0.928
Securities, Commodity Contracts, Investments (523)	9,765	$64,185	$0.90	1.464
Insurance Carriers and Related Activities (524)	5,790	$76,730	$0.80	1.014

*Billions of $
SOURCE: Bureau of Economic Analysis; Bureau of Labor Statistics; Regional Economic Models, Inc.

The REMI model projects that employment in the Financial Services sector will increase by 12.4 percent from 2012 to 2020 and will reach 24,529 jobs. It also anticipates an increase in the sector's average annual wage rate of 25.8 percent to $85,271. The sector is also projected to remain highly productive by increasing its total value added to GDP by 30.3 percent to reach $4.01 billion in 2020. REMI also projects that the sector's LQ value will remain relatively steady at 1.157, an increase of about 1.5 percent between 2012 and 2020.

Table 25
Providence County Financial Services Sector - 2020 Projections

	2020	% Change since 2012
Employment	24,529	12.4%
Avg. Annual Wage Rate (Nominal $)	$85,271	25.8%
Total Value Added to GDP (Billions of $)	$4.01	30.3%
Location Quotient	1.157	1.5%

SOURCE: Bureau of Economic Analysis; Bureau of Labor Statistics; Regional Economic Models, Inc.

Table 25 provides summary REMI projection data for the Financial Services sector and Table 26 provides projections for each of the subsectors that comprise the overall sector.

Table 26
Providence County Projected Financial Services Subsectors in 2020 (Sorted by Projected Employment)

Financial Services Subsector (NAICS code in parenthesis)	Employment	Avg. Annual Wage Rate (Nominal $)	Total Value Added to GDP*	Location Quotient
Monetary Authorities - Central Bank; Credit Intermediation and Related Activities; Funds, Trusts, & Other Financial Vehicles (521,522,525)	6,489	$82,143	$1.80	0.925
Securities, Commodity Contracts, Investments (523)	11,879	$81,040	$1.26	1.476
Insurance Carriers and Related Activities (524)	6,161	$96,724	$0.95	1.005

*Billions of $

SOURCE: Bureau of Economic Analysis; Bureau of Labor Statistics; Regional Economic Models, Inc.

"Meds and Eds" – Education and Health Care Sector

The Education and Health Care sector, sometimes referred to as "Meds and Eds," comprises the NAICS Educational Services sector and Health Care and Social Assistance sector. The sector employed 83,389 people in Providence County in 2012, by far the highest total for any sector. Employees received an average annual wage rate of $41,129 in 2012. The sector had a total value added to Providence County's GDP of $2.19 billion in 2012. Location Quotient data is not available because the sector is the combination of two NAICS sectors but LQ values are presented for each component subsector in Table 28.

Table 27
Providence County Education and Health Care Sector Summary

	2012
Employment	83,389
Avg. Annual Wage Rate (Nominal $)	$41,129
Total Value Added to GDP (Billions of $)	$2.19
Location Quotient	N/A

SOURCE: Bureau of Economic Analysis; Bureau of Labor Statistics; Regional Economic Models, Inc.

Table 27 presents summary data for the Education and Health Care sector for 2012 and Table 28 presents data for each subsector that comprises the overall sector.

Table 28
Providence County Education and Health Care Subsectors in 2012 (Sorted by Employment)

Education and Health Care Subsector (NAICS code in parenthesis)	Employment	Avg. Annual Wage Rate	Total Value Added to GDP*	Location Quotient
Educational Services (61)	22,662	$38,214	$0.78	2.445
Ambulatory Health Care Services (621)	19,065	$44,946	$1.14	1.214
Hospitals (622)	20,400	$56,950	$1.23	1.987
Nursing and Residential Care Facilities (623)	11,255	$30,977	$0.41	1.538
Social Assistance (624)	10,008	$19,636	$0.26	1.208

*Billions of $
SOURCE: Bureau of Economic Analysis; Bureau of Labor Statistics; Regional Economic Models, Inc.

The REMI model projects that Providence County employment in the Education and Health Care Sector will increase by 23.1 percent to reach 102,631 in 2020. The model also projects that the average annual wage rate for the sector will be $52,370 in 2020, an increase of 27.3 percent from 2012. Finally, the model anticipates that the total value added to GDP by the sector will more than double between from 2012 and 2020, reaching $4.77 billion.

Table 29
Providence County Education and Health Care Sector - 2020 Projections

	2020	% Change since 2012
Employment	102,631	23.1%
Avg. Annual Wage Rate (Nominal $)	$52,370	27.3%
Total Value Added to GDP (Billions of $)	$4.77	118.0%
Location Quotient	N/A	N/A

SOURCE: Bureau of Economic Analysis; Bureau of Labor Statistics; Regional Economic Models, Inc.

Table 30
Providence County Projected Education and Health Care Subsectors in 2020 (Sorted by Projected Employment)

Education and Health Care Subsector (NAICS code in parenthesis)	Employment	Avg. Annual Wage Rate	Total Value Added to GDP*	Location Quotient
Educational Services (61)	26,538	$48,317	$0.92	2.429
Ambulatory Health Care Services (621)	23,973	$56,570	$1.43	1.229
Hospitals (622)	26,059	$72,473	$1.61	2.009
Nursing and Residential Care Facilities (623)	13,416	$39,501	$0.49	1.552
Social Assistance (624)	12,645	$25,141	$0.33	1.217

*Billions of $
SOURCE: Bureau of Economic Analysis; Bureau of Labor Statistics; Regional Economic Models, Inc.

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City of Providence
Task Force on Economic Development

Appendix C – Sample City Ordinances

Proposed Ordinance: Economic Development Plan

Whereas Providence does not currently have an overarching strategic economic development plan which focuses on where the city wants to be as an economy; and

Whereas it is highly recommended by various professional organizations that municipalities need to establish goals and objectives for the type of economy it is striving for; and

Whereas the city needs to develop a citywide economic plan which incorporates the direction and focus for the development of Providence's economy; and

Whereas the city should undertake the development of a plan with public participation and with city government participation at all levels.

Now, Therefore, it is ordained, by the authority vested in the Providence City Council hereby as follows:

1. The establishment of an economic development planning council
2. The economic development planning council shall consist of at least 17 members appointed by the mayor and City Council.
3. The Council shall consist of the following members:

   The following will be ex-officio members
   1 of whom shall be the Director of Economic Development, who shall serve as chair;
   1 of whom shall be the Director of Inspections and Standards;
   1 of whom shall be the Director of Planning and Development;
   1 of whom shall be the Finance Director;
   1 of whom shall be Superintendent of Providence Schools;
   6 of whom shall be appointed by the City Council from among individuals with experience in higher education in Rhode Island, public policy, municipal government, the business community, or labor.
   6 of whom shall be appointed by the mayor from among individuals with experience in higher education in Rhode Island, public policy, municipal government, the business community, or labor.

4. The mayor may also appoint additional members of regional and local economic development groups and members of the business community to serve on the council.

5. Members of the council shall serve for a term of 1 year or until an economic development policy has been approved by the mayor under this section.

6. The Council shall:

   a. With the Director of Economic Development, the Council shall develop and implement a written comprehensive economic development policy for the city and a strategic plan for implementing the policy. The policy shall set long term goals and measurable benchmarks which are not limited to a particular mayoral administration and shall give consideration to any impacts the plan may have on businesses

employing 10 or fewer people. The strategic plan shall include any major economic development initiatives and programs of the Department of Economic Development and any agencies subject to this section.

In developing the policy, the council shall review the published economic development policy and plan in effect at the commencement of the mayor's term of office and may hold public hearings throughout the city.

b. Once the policy and plan have been adopted by the Director and the council, the council may submit the policy and plan to the clerks of the City Council. The approved policy and plan shall be published in writing and on the official website of the city not later than December 31 of that year.

7. Cooperation required. – The Department of Economic Development shall be responsible for staffing the work of the Council and the division of planning in the department of administration shall also provide staff support. All departments represented on the council shall cooperate with the Council to facilitate the purposes of this chapter.
8. The Council will be able to hire, subject to funding, consultants and related assistance to provide the type of analysis to inform their work.
9. All departments, offices, boards and agencies of the city shall cooperate with the Council of Economic Advisers and furnish such administrative and staff support, advice, information, documents and otherwise, data and data analysis and other support as may be necessary or desirable.
10. In carrying out the responsibility under this order, the Council may
    - Accept grant funds and in-kind contributions from governmental and private entities;
    - Hold hearings;
    - Invite academic experts and other witnesses to submit testimony; and
    - Contract with experts and consultants as necessary to inform deliberations and recommendations.
11. In addition to any other applicable law, rules or regulations, the Council of Economic

Advisors shall be subject to the provisions of the Open Meeting Act, Title 42, Chapter 46 of the Rhode Island General Laws and the Public Records Act, Title 38, Chapter 2 of the Rhode Island General Laws.

This ordinance shall take effect immediately

So Ordered:

Proposed Ordinance: Council of Economic Advisors

Whereas there is a need for municipalities to generate data and information to use in policy analysis: and

Whereas municipalities should collect, gather, and share data and information about the municipality and the economy; and

Whereas the city of Providence does not have a central repository of data and information; and

Whereas there is a need to create sound economic policy analysis to better understand the economy within the city and how the city's economy interacts with the rest of the state and region; and

Whereas Providence's current economic climate and budget challenges require it to evaluate and better understand its economic conditions; and

Whereas there is a need to analyze the current economic conditions facing Providence; and

Whereas Providence should create the organization that would be the driving force behind the collection of economic data and to prepare economic analysis.

Now, Therefore, it is ordained, by the authority vested in the Providence City Council hereby as follows:

1. The establishment of a Council of Economic Advisors
2. The Council of Economic Advisors shall consist of 9 members appointed by the Mayor, subject to City Council approval.
3. The Council of Economic Advisors shall consist of the following members:

   The following will be ex-officio members
   City's Finance Director
   City's Director of Planning and Development
   City's Chief Economic Development Officer

   There will be six public members selected by the Mayor, subject to City Council approval.

4. The six shall be selected based upon specific experience in economics, research and related training. The Mayor may seek recommendations from both public and private institutes of higher education, the business community, and other organizations within the state, subject to City Council approval. The Mayor shall also select a member in consultation with the Greater Providence Chamber of Commerce.

5. The Council of Economic Advisors shall
   a. Be a collection point of data and information on the economy of Providence;

b. Advise on economic policy for the Mayor, City Council, and related city departments;
c. Prepare economic policy analysis on specific issues such as Tax credits, tax expenditures and other related matters;
d. Publish reports and analysis as it sees fit to help inform the city of the effect of economic activity and policy;
e. Establish within the city a central repository of economic information;
f. Prepare regular reports on the economy of Providence; and
g. Review and advise on the strategic economic development plan for the city of Providence.

6. The public members shall be appointed for terms of no longer than three years.
7. The Mayor shall appoint the Chairman and the Council of Economic Advisors shall select a vice chair.
8. The Council will be able to hire, subject to funding, consultants and related assistance to provide the type of analysis to inform their work.
9. All departments, offices, boards and agencies of the city shall cooperate with the Council of Economic Advisors and furnish such administrative and staff support, advice, information, documents and otherwise, data and data analysis, and other support as may be necessary or desirable.
10. In carrying out the responsibility under this order, the Council may
    - Accept grant funds and in-kind contributions from governmental and private entities;
    - Hold hearings;
    - Invite academic experts and other witnesses to submit testimony; and
    - Contract with experts and consultants as necessary to inform deliberations and recommendations.
11. In addition to any other applicable law, rules or regulations, the Council of Economic Advisors shall be subject to the provisions of the Open Meeting Act.

This ordinance shall take effect immediately

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City of Providence
Task Force on Economic Development

Appendix D – Recommendations from Previous Reports

Recommendations from Previous Reports

In addition to the recommendations made at the beginning of this report, the Task Force considered the recommendations from previous reports listed below:

Key to Previous Reports Cited

- PPBW: Putting Providence Back to Work – Mayor Taveras's Plan (Issued 3/27/13)
- PFAP: Providence Foundation's Action Plan (Issued 1/16/13)
- PT: Providence Tomorrow: The Comprehensive Plan (Issued 8/6/12)
- CBCC: A Call to Build the Capital City Partnership for Economic Growth (Issued 11/10)
- SPKE: Strengthening Providence's Knowledge Economy (Issued 2008)
- 2012 TF: Providence Task Force on Entertainment Licensing and Nightclub Safety (Issued 12/12)

1. Providence should be a place that has a tax and regulatory environment conducive to economic growth

And concurs in the following recommendations made by previous reports:

- Freeze commercial tax rates (PPBW, PFAP)
- Lower commercial tax rates (PFAP)
- Seek state reauthorization of Historic Preservation Investment Tax Credits (PPBW, PFAP)
- Begin an outreach campaign to increase business participation in existing tax incentive programs (PPBW)
- Create a new permitting office responsible for reviewing small projects (PPBW)
    - "Rapid Response" team (PFAP)?
- Fast-track the demolition of existing buildings if developers commit to redevelopment within a certain amount of time (PPBW)
- Allow permit applications to be submitted online (PPBW)
- Provide tax exemptions and tax phase-ins to promote the development of existing surface parking areas (PPBW)
- Conduct a comprehensive review of the city's zoning ordinance (PPBW, PT)
- Seek a statewide review of labor, tax, and regulatory policy (PPBW)
- Hire licensed fire protection engineers to conduct plan reviews for fire permits (PFAP)

- Encourage the use of state law allowing plan review to be waived if approved by a licensed architect or engineer that will also take part in construction (PFAP, Task Force)
- Designate an ombudsman to guide businesses through the permit process (PFAP)
- Privatize fire permit reviews to an outside company (if found to be legal in RI) (PFAP)
- Colocate fire and building plan review personnel at 444 Westminster Street (PFAP)
- Integrate zoning, planning, and other regulatory reviews with fire and other permits (PFAP, PT)
- Conduct a 5 to 10 year fiscal analysis to identify new and existing revenue sources and determine more efficient ways to deliver services (PFAP)
    - Reduce city's reliance on property tax for revenue (PFAP)
    - Seek additional state aid (PFAP)
- Reform the tax classification system to be more equitable and bring predictability to the commercial tax system (PFAP)
- Clearly define what a competitive tax system looks like for Providence (PFAP)
- Reform the tax assessment appeals process (PFAP)
- Establish joint program with Providence Chamber to assist prospective businesses research Providence and relocate to the city (PFAP)
- Consider real estate tax stabilization programs (PFAP)
- Consider land value tax system to encourage development of surface parking areas (PFAP)
- Consider "growth center" exemption from property tax cap or tax increment financing program (PFAP)
- Expand economic opportunity and the City's economic base by focusing efforts on retaining existing businesses and attracting new businesses (PT)
- Create a business-friendly environment to stimulate the growth of business and the creation of good jobs that improves the quality of life for residents (PT)
- Support the creation and growth of locally-owned businesses that enhance the vitality and quality of life in the city's neighborhoods (PT)
- Work with the State of Rhode Island to strengthen Providence's role as the economic center of the state (PT)
- Work with the State of Rhode Island to provide Providence with a share of the "incremental revenues" raised by the state as a result of growth in non-profit employment and construction of new facilities (CBCC)
- Establish a "tax by use" property tax structure for assessing property value (CBCC)
- Encourage the State to fully fund the 27% PILOT to Providence (CBCC)
- Maximize future revenues from the Knowledge District by promoting taxable entities (CBBC)

- Establish a "Knowledge Hub Authority" to fast-track the permitting process for development in the Knowledge District according to pre-approved land use and architectural plans (SPKE)

2. Providence should be a place that is an attractive and affordable place to live with a high quality of life

And concurs in the following recommendations made by previous reports:

- Partner with Community Development Corporations to rehabilitate abandoned and foreclosed properties (PPBW)
- Direct Providence Redevelopment Agency to aggressively use the tools at its disposal to spur redevelopment of key real estate parcels (such as Dynamo House and Arnold Building) (PPBW)
- Reinvent Kennedy Plaza by moving RIPTA buses away to create a space more attractive to pedestrians and visitors (PPBW)
- Work with Providence Economic Development Partnership to reimburse main street-facing small businesses for storefront capital improvements (PPBW)
- Create a real estate database to market available property in the city (PPBW)
- Pursue sustainable funding to support a streetcar system (PPBW)
- Enhance transportation links between Jewelry District, Downtown, Train Station, and College Hill (PFAP)
- Construct Riverwalk extension, cityWALK, pedestrian bridge, and walkways in Jewelry District (PFAP)
- Upgrade Providence Amtrak station and surrounding area (PFAP)
- Reinvent Kennedy Plaza by moving RIPTA buses to a new location and creating a more pedestrian-friendly space (PFAP)
- Produce a Kennedy Plaza safety and security plan (PFAP)
- Create a Downtown Providence Parks Network (PFAP)
- Repair streets and sidewalks, particularly in Financial District (PFAP)
- Expand Downtown Improvement District landscaping program to include a "gateway into downtown" program (PFAP)
- Increase RIPTA efficiency and ensure adequate funding (PFAP)
- Establish a multimodal transportation authority including a parking authority (PFAP)
- Establish a less costly trolley or enhanced bus route that links with Amtrak station on the proposed streetcar route (PFAP)
- Revitalize, modernize, and preserve Providence's housing stock (PT)
- Support the creation of new ownership and rental housing citywide (PT)
- Create new and preserve existing affordable and moderate income rental and home ownership opportunities through the city (PT)

- Promote the maintenance and development of supportive housing - both owner-occupied and rental- to ensure that all residents with special needs have access to safe and affordable housing in all neighborhoods (PT)
- Promote high-quality residential design throughout the city (PT)
- Promote the integration of housing and transit services (PT)
- Work with the state and other local governments to address housing needs in Providence and throughout the state (PT)
- Provide residents, businesses, and employees, and visitors with a variety of transportation options that are safe and convenient (PT)
- Encourage investment in existing modes of transit as well as new transit options, including the RIPTA system, commuter rail, and other new modes to increase mobility for Providence residents, and improve air quality (PT)
- Promote walking for commuting, recreation, and other trips by creating safe and attractive pedestrian environments throughout the city (PT)
- Provide safe and convenient facilities to encourage bicycling for commuting, recreation, and other trips (PT)
- Manage the effectiveness of Providence's roadway network, including its street grid, by investing in operational and reconstruction improvements (PT)
- Develop a citywide comprehensive approach to parking that addresses parking needs both downtown and in the neighborhoods as adequate parking is crucial to the future economic development of the city (PT)
- Plan, design, and invest in transportation infrastructure and systems that support the principal uses within the area, and provide strong interconnections to downtown, the neighborhoods, and other destinations (PT)
- Work with federal and state government agencies to improve Providence's transportation and transit infrastructure (PT)

3. Providence should be a place that is a global leader in knowledge-based industries and nurtures innovators and entrepreneurs

And concurs in the following recommendations made by previous reports:

- Market Providence's signature brands to bring in tourists and other visitors (PPBW)
- Establish joint program with Providence Chamber to assist prospective businesses research Providence and relocate to the city (PFAP – also 1)
- Establish a "Knowledge Hub Authority" to fast-track the permitting process for development in the Knowledge District according to pre-approved land use and architectural plans (SPKE – also 1)
- Create a research cluster in the Jewelry District through investment by institutions of higher education such as Brown and Johnson and Wales (PFAP)
- Support planned expansion of Johnson and Wales University and Roger Williams University into Jewelry District (PFAP)

- Encourage construction of Brown Engineering School and Brain Institute in Jewelry District (PFAP)
- Bring URI/RIC Nursing School to Jewelry District and create a Public-Private Partnership to promote lab space and R&D facilities (PFAP)
- Encourage development of lab space and R&D facilities for other biomedical companies in Jewelry District (PFAP)
- Support providing adequate resources to I-195 Commission and encourage it to begin marketing available land (PFAP)
- Market Providence downtown to knowledge-based companies (PFAP)
- Determine suitable locations for knowledge-based firms and provide incentives to lure these firms to Providence (PFAP)
- Promote the growth of Providence's knowledge-based economy and leverage that growth to attract, develop, and retain commercial businesses that generate taxes and skilled jobs (PT)
- Leverage RI Research Alliance to increase federal R&D funding, attract top research faculty to area universities, and align partnerships among universities and knowledge-based industries (CBCC)
- Expand RI Research Alliance to include Providence hospitals and additional universities (CBCC)
- Establish a joint city-state-institution alliance to direct development in Knowledge District (CBCC)
- Host a national or international summit/conference in partnership with Providence entrepreneurial community to display the city's asset base, brain power, and spirit (CBCC)

4. **Providence should be a place that is home to a skilled workforce ready to compete in the global economy and provides shared economic opportunity for all groups of people.**

And concurs in the following recommendations made by previous reports:

- Reform Providence Public Schools to meet new citywide standards for student outcomes and support students from "cradle to career" (PPBW – also 4)
- Expand apprenticeship programs, particularly with an eye towards the working waterfront and creative economy (PPBW)
- Bring a nursing school to Providence (PPBW)
- Expand adult education opportunities such as English courses, certificate programs, and GED classes (PPBW)
- Continue existing reform efforts of Providence Public Schools (PFAP – also 4)
- Ensure a skilled workforce that matches the employment opportunities by focusing on workforce needs for advancement, education and training, affordable housing, and transportation options (PT)

- Reform Providence Public Schools to meet new citywide standards for student outcomes and support students from "cradle to career" (PPBW)
- Market Providence's signature brands to bring in tourists and other visitors (PPBW)
- Continue existing reform efforts of Providence Public Schools (PFAP)

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City of Providence
Task Force on Economic Development

Appendix E – Tax Stabilization Model

Task Force on Economic Development
Tax Stabilization Agreement Model

Base Assessed Property Value: $5 million
Type of Property: Commercial
Construction Completed after Year One
Tax Rate: $36.75 throughout agreement
Assessed Property Value After Construction: $7.5 million

Without Tax Stabilization Agreement
*No Rate Adjustments

Year	Tax Owed	Note
1	$183,750.00	Before Construction
2	$275,625.00	After Construction
3	$275,625.00	
4	$275,625.00	
5	$275,625.00	
6	$275,625.00	
7	$275,625.00	
8	$275,625.00	
9	$275,625.00	
10	$275,625.00	
11	$275,625.00	
12	$275,625.00	
13	$275,625.00	
14	$275,625.00	
15	$275,625.00	

Total Taxes Owed	$4,042,500.00

With Tax Stabilization Agreement
'No Rate Adjustment

Year	Tax Owed	Note
1	$183,750.00	Base Tax
2	$183,750.00	Base Tax
3	$183,750.00	Base Tax
4	$183,750.00	Base Tax
5	$183,750.00	Base Tax
6	$192,937.50	Base Tax + 10% of the increase to $7.5 million
7	$202,125.00	Base Tax + 20% of the increase to $7.5 million
8	$211,312.50	Base Tax + 30% of the increase to $7.5 million
9	$220,500.00	Base Tax + 40% of the increase to $7.5 million
10	$229,687.50	Base Tax + 50% of the increase to $7.5 million
11	$238,875.00	Base Tax + 60% of the increase to $7.5 million
12	$248,062.50	Base Tax + 70% of the increase to $7.5 million
13	$257,250.00	Base Tax + 80% of the increase to $7.5 million
14	$266,437.50	Base Tax + 90% of the increase to $7.5 million
15	$275,625.00	Full Tax on $7.5 million

Total Taxes Owed	$3,261,562.50

Note: New Assessed Value of $7.5 million goes into effect in year 6

Taxes Without Agreement	$4,042,500.00
Taxes With Agreement	$3,261,562.50
Savings from Agreement	$780,937.50

City of Providence
Task Force on Economic Development

Appendix F – Pittsburgh Urban Development Fund

URBAN REDEVELOPMENT AUTHORITY of PITTSBURGH

URBAN DEVELOPMENT FUND
Program Summary

Use of Funds:

Gap financing for:
- Acquisition of land and/or buildings
- Construction and/or rehabilitation
- Soft costs related to development

Eligible Businesses:
- Manufacturing
- Commercial and industrial
- Advanced technology
- Real estate development companies
- Non-profit CDCs engaged in business development projects

Ineligible:
- Non-profit organizations, banks, savings and loan associations
- Check cashing outlets, residential developments
- Bars, adult entertainment, beer distributors
- Non-independently owned gas stations, used car lots
- Furniture and appliance rental shops, and refinancing

Amount of Loan:
- Up to 40% of total project cost - maximum loan $250,000
- Minimum loan amount $25,000

Maturity:
- May be equal to the term of the private lender, not to exceed 20 years

Costs to Borrower:
- Interest rate fixed at market rate (may be reduced in "Target" areas)
- Minimum cash equity requirement: 10% of total project cost
- Application fee: $250 (non-refundable)
- Due diligence fee: 2% of URA loan amount
- Loan servicing fee paid at closing and annually thereafter of one-half of one percent (0.5%) of the outstanding loan balance
- Construction inspection fee of one-half of one percent (0.5%) may be required for construction and renovation projects
- Filing fees due at closing

General Conditions:
- One job created and/or retained for every $30,000 borrowed
- 51% of jobs created must be filled by low/moderate income persons
- Borrower and tenants are encouraged to use the PA CareerLinks
- May be combined with other public financing programs
- Development must be located in the City of Pittsburgh
- Must demonstrate sufficient cash flow in order to repay the loan
- Loan must be secured by adequate collateral and personal guarantees
- Prevailing wage laws may apply to construction and/or renovation
- A project with a total cost greater than $250,000 must develop and comply with a Minority- and Woman-owned Business Enterprise Plan
- The project must meet applicable environmental/historic guidelines

Business Development Center
200 Ross Street, Pittsburgh, PA 15219

Phone: 412-255-6669 ♦ Fax: 412-255-6542 ♦ TDD: 412-255-6644 ♦ Web site: www.ura.org

(EFFECTIVE 04-10-03)