

Summary of Economic Development Roundtable
February 25, 2009

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Welcome: As facilitator of the meeting, PlanSmart NJ President Dianne Brake welcomed the audience and introduced host Mitchell Landis of Boston Properties, owners of the building.

Introduction: NJ DOT Assistant Commissioner Bob Miller introduced the Route 1 Regional Growth Strategy Project and the role of the Economic Development Roundtable in it. He said that the project is trying to build a decision-making framework for the Department's investments based on what is good for economic growth, land use patterns and transportation. He acknowledged the challenge of integrating these activities, given the number of decision-makers and interests involved and encouraged the group to provide candid and constructive feedback.

Keynote Speaker: Michael Gallis & Associates was hired by the project's consulting team to analyze the economic markets in the area and their role in the larger statewide, regional, national and global economies. In his PowerPoint presentation, Mr. Gallis showed the geography of the region's market, emphasizing the many assets of location, skilled labor force, infrastructure and proximity to one of the strongest economic hubs in the world – New York City. He also pointed out that New Jersey was neglecting these assets and the result could be that they will be lost.

His message focused on the global revolution in which we find ourselves. The Northeast is a major financial center and research center and said that New Jersey officials have not responded strategically or proactively to exploit that asset here.

He pointed out that a long-term perspective is needed – by 2050, there may be enormous growth again – what have we done to plan for it? He told a story about the first regional plan produced by Regional Plan Association for the NY City region. It was published in 1929, right before the Wall Street Crash. The plan had a strong, strategic infrastructure plan to connect the center with its region and became the basis for enormous “stimulus” investments throughout the Depression. When the region emerged from the Depression, it held the capacity to grow into the world-class region it is today.

China and India are positioned to surpass the US at some point in the future and we may not be at the center of it – what will be New Jersey's niche? Mr. Gallis felt that New Jersey needs a new policy and management structure that could be directed toward strategic advances to strengthen the State's economic base.

For example, widening Panama Canal will have major impact on goods flows, because larger container ships will be sending materials that our ports may not be able to accommodate.

Mr. Gallis went on to describe the Route 1 Study Area, which is divided into four sub-areas, each with different characteristics and a different relationship to the global

economy. He pointed out the single largest constraint was east-west access limitations, which constrain economic growth to several local markets.

Katherine Kish asked, "What are the opportunities for the region?" Mr. Gallis replied that more analysis about how to capture the value from increased trade flows (larger container ships, etc.), e.g., at Interchange 8A, stopping the drain to the Lehigh Valley and beyond. He felt that the region could better capitalize on the knowledge-based economy, building on the existing asset of our skilled labor force and good schools. He also felt that a focus on start-up industries is warranted in this environment.

In response to a question about project-level vs. system-wide thinking, Mr. Gallis replied that identifying the large scale networks, as his maps do, can demonstrate the relationship between the economy, land use and transportation to identify strategic investments.

On labor force resources, he said that the whole country needs more work force training to target opportunity areas. He acknowledged that US and NJ structure of having different silos in different program areas constrains our ability to make good decisions and achieve results. They often contain contradictions and cross-purposes. He advocated setting system performance metrics and using common sense.

Panel 1: The Economy Here and Now: A presentation followed made by three Route 1 company representatives, who are doing business in the corridor today. They were asked to describe why they were in the region and what would encourage them or discourage them to stay and grow.

Developer Sam Switzenbaum of Switzenbaum Associates, described a project in the Route 1 Corridor for which he just obtained approvals: Hilton Gardens in West Windsor, near the new Meadow Road interchange. That interchange was the reason for the location of the project, since it helps to provide access in all directions on a limited-access highway. He said that congestion, however, will possibly lead to economic obsolescence. He also said that environmental regulations were counter-productive and that the State needed a central clearinghouse / agency to facilitate between developers and review agencies to get optimum results. If reducing the amount of development on a site is what is seen as desirable (reducing FARs), there are better ways to achieve it.

Moderator Katherine Kish reported on a conversation with a company that has been looking to locate a US research center. They talked about concerns over workforce, housing, higher education, etc. But the attractions of the region led to a new facility in South Brunswick.

The next panelist, George Chavalier, communications director of TerraCycle, is part of a growing company based in Trenton that recycles or reuses materials to make new products. He says that they have scaled up enormously since their inception, and saw huge growth potential in the market in the future. He expressed pride that they were able to employ many low-skill workers, drawing from an untapped labor pool.

The closing panelist, John Romanowich, President and CEO of SightLogix, Inc. described his company, which manufactures high-performance cameras used primarily in security. They located in the region because of the high quality workforce. He referred to the corridor as "Video Valley," owing in large part to Sarnoff. On the other

hand, it has been difficult to attract investment and to sell their products in NJ because of State government regulations which favor their foreign competition.

In question time, Mr. Switzenbaum said that, although the Economic Development Authority operates well, NJ is the most cumbersome of the 10 states in which he has worked. There was general agreement that a Not-in-my-backyard (NIMBY) attitude pervades statewide growth policy. He claimed that he and others in the private-sector would pay for an ombudsman to assist in dealing with regulations. Others felt that such a plan might generate conflicts of interest.

Mr. Landis observed that there was an increasing desire to be near rail stations. There was an agreement that the Urban Enterprise Zone (UEZ) designations, not to mention the proposed new tax credits, are very helpful. He recommended a recent book "Boomtown USA," which describes three major migrations – the third and current one is a return to the cities, including empty-nesters, young adults, et al.

Panel 2: Envisioning Sustainable Growth: The next panel was charged with describing the role of Trenton and New Brunswick in a region dominated by the primarily suburban Route 1 Corridor. Historically the anchors of the Corridor and still major employment and transportation centers, what will be their role going forward?

Rev. Buster Soaries, former NJ Secretary of State and pastor of First Baptist Church of Lincoln Gardens, contradicted the idea that the problems in the region were unplanned by describing them as "structured impediments" to good development. He asked, who will define this region so that the Cities have standing within it? And then who will be in charge of carrying out the actions designed to improve the region as a whole? He said that if New Brunswick is to serve as an anchor, it should have success that spills out to the region.

Although he named the EDA and HMFA as exceptions to the rule, and named the Meadowlands Commission as an excellent example in New Jersey of how regions could operate, he said that the Governor accedes to local politics / home rule, which undermines prospects for long-term economic prosperity. He said people need to know about jobs and how to get to them – his community had limited access to whatever jobs there were. He also supported the more accurate term "workforce housing" rather than "affordable housing." He felt that improvements in three areas would help: government coordination, better transportation and more effective communication.

John Harmon, President and CEO of the Metropolitan Trenton African-American Chamber of Commerce, said that Trenton has had various "stimulus packages" but still struggles. He felt that new partnerships needed to be created. But first, the region must ask itself: Do we really want urban areas to prosper? Are we willing to share the wealth responsibly? He said that the economy was not a "zero sum" game. He reiterated Rev. Soaries' point that the Cities have been cut off from the region and called for embracing "strategic partnerships."

Questions arose over housing and the need for workforce housing in spite of 1500 vacant houses identified in Trenton. The region needs a plan to address the need for workforce housing / neighborhood transformation.

Roundtable Discussion: Plainsboro Mayor Peter Cantu asked about the process, timetable and ultimate goal of the project, citing many studies in the past that have failed to deliver expectations. Project manager Jim Hess reviewed the process, naming an expectation of finishing the work before the summer. He said that the project, unlike others, was aimed at integrating economic development, land use and transportation investments.

The main discussion was on finding a process for choosing key action items and finding accountable parties to drive them forward. There were questions about whether a “big project” like adding BRT service was the most productive way forward or whether smaller, more immediate actions should be the focus. The group questioned the ability to coordinate, communicate and act, without coming to consensus on how these issues could usefully be resolved. Issues such as COAH, property taxes and immediate economic woes were added to the list of troubles.

Mr. Gallis closed the roundtable discussion by pointing out that office space remains the key driver of the economy, which brings in housing and transportation issues. He felt that the key transportation needs for the region were east-west arterials, expanding US 1 and enhancing transit service. He said that there is great potential here because of the huge gap between opportunity and implementation. He challenged the region to figure it out!