Committee on Community Resources and the Northampton City Council

Committee Members:
Councilor Dennis P. Bidwell
Councilor Maureen T. Carney
Councilor Alisa F. Klein
Councilor Gina-Louise Sciarra

Meeting Agenda

Date: April 12, 2016
Time: 5:30 pm
Location: City Council Chambers
212 Main St., Northampton, Massachusetts

1. **Meeting Called to Order and Roll Call**

2. **Committee Study Request relative to local economy: review process**

3. **Public Comment**

4. **Approve minutes of the previous meeting**
   Minutes of March 21, 2016

   Documents: CommitteeOnCommunityResourcesMarch_21_2016.Pdf

5. **Schedule Public Hearings**
   The goal of the CSR is to identify practical recommendations that the City Council could pursue to strengthen local economy. As part of its process to gather data and information, the committee will schedule public hearings inviting stakeholders to speak about pressures and other matters that concern them. The committee is also interested in hearing ideas that may address the concerns shared with the committee.

   The committee will discuss how to shape the public hearings and plan dates/times.

The goal will be to hold the public hearings during May and June for the CSR on local economy with a focus on pressures felt and ideas relative to:

- Business ownership
- Working downtown
- Property ownership & Leasing
- Residing and visiting downtown
- Consumer/Customer needs

6. Reaching the Stakeholders

The committee will discuss how best to reach out to stakeholders.

7. Available Resources

What resources are available to the committee to conduct the study? If an intern were available, what might the committee ask this person to do?

8. New Business

9. Adjourn

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Meeting Minutes

Date: March 21, 2016
Time: 5:00 pm
Location: City Council Chambers
212 Main St., Northampton, Massachusetts

1. **Meeting Called to Order and Roll Call:** At 5:00 pm Councilor Sciarra called the meeting to order and announced that the meeting was being audio and video recorded. Present at the meeting were: Councilors Sciarra, Bidwell and Carney. Councilor Klein arrived at 5:20 pm. Councilor O'Donnell was also present in the audience; no other City Councilors were present.

2. **Public Comment:** None

3. **Minutes of Previous Meeting:** Councilor Bidwell moved to approve the minutes of February 22, 2016 and March 8, 2016. Councilor Carney seconded the motion. The motion was approved on a voice vote of 3 Yes, 0 No, 1 Absent (Councilor Klein).

4. **Items Referred to Committee: 16.034 Ordinance Pertaining to Water Resources - Referred to Committee on March 3, 2016**

   Councilor Sciarra read the proposed ordinance into the record. Councilor Bidwell moved to send the order back to the full city council with a positive recommendation; Councilor Carney seconded the motion. The motion was approved on a voice vote of 3 Yes, 0 No, 1 Absent (Councilor Klein).

   Councilor O'Donnell was present to talk about the ordinance. He, along with Mayor Narkewicz, is a sponsor of this ordinance. This ordinance prevents the City Council, Mayor, or the city in general from privatizing the city's water infrastructure. This ordinance models an ordinance adopted by Gloucester, Massachusetts in 2010. Gloucester later took the step of putting the elements of the ordinance into their charter. The premise of the ordinance is that there are basic public resources that should not be privatized. Councilor O'Donnell noted locally, now is a good time to introduce such legislation since there is much talk about investments being made in the city's water and sewer infrastructure. Nationally, there is a lot in the news about water resources, including what is happening in Flint, Michigan. In the case of Flint, the water system has been poisoned by lead. While this is not attributable to privatization, it is attributable to emergency managers being appointed over the water infrastructure and comporting themselves as though they were a

corporation and making decisions with no public input and taking drastic cost cutting measures that lead directly to the risk of public health. Northampton has outstanding water resources, and Councilor O'Donnell feels that steps should be taken to protect water going into the future.

5. **New Business:** None

6. **Committee Study Request:**

   a. Rough draft plan of action for committee consideration (Councilor Bidwell).

   Councilor Sciarra read the proposed work plan into the record. The committee moved to change its April meeting date to April 12, 2016 @ 5:30 pm. Councilor Carney noted that perhaps the committee might want to consider future public hearings to collect additional qualitative data, in addition to the qualitative data that will be collected today.

   Councilor Klein asked the committee to consider having worker and consumer public forums/hearings on different days. She also asked whether there was consideration given to to hearing from undocumented workers. Councilor Sciarra indicated that each represented group would be announced on a given day/time. She is also interested in hearing from social agencies (Casa Latina, Center For New Americans, for example) who might be willing to represent the views of undocumented workers. Councilor Klein asked whether translation services might be available and whether varying days/times might be scheduled so that a good cross section of employees could participate. Councilor Bidwell cautioned that limiting a group to a particular day/time might limit input from people/groups who can't come on the prescribed day. Councilor Carney suggested that perhaps themes might be a way to organize the public forums; Councilor Klein agreed and suggested that this approach might provide some level of "safety" in which people might help people to feel more comfortable presenting information. Councilor Sciarra reminded the committee that all sessions will be public.

   Councilor Bidwell noted that there is a lot of indicator data available. The committee should collect the data and compile ideas to present to the city council.

   b. Vote to approve committee will complete study request.

   Councilor Bidwell moved to accept the committee study request; Councilor Carney seconded the motion. The motion was approved on a voice vote of 3 Yes, 0 No, 1 Abstention (Councilor Klein).

   c. Public input about the proposed process; the committee will also collect any information that presenters make available to the committee.

Suzanne Beck, Executive Director of the Chamber of Commerce was present to give testimony about the downtown business climate. Ms. Beck shared some of the external factors that are affecting the downtown economy. A handout was distributed to the committee.

In 2014 the Chamber surveyed downtown businesses about some key indicators; they received a 30% response rate and Ms. Beck reports that nearly 90% of the responses were from either shops or restaurants. Of the respondents, 40% of business reported a decrease in gross sales from the prior year and 22% reported sales were the same from the previous year.

Ms. Beck summarized a number of factors that have affected the downtown economy. Some factors are not unique to Northampton, but rather, reflect the trends seen state and nationwide. The e-commerce business has had a dramatic effect on all businesses. Of particular note is that e-commerce means that nearly any product can be bought instantaneously with free delivery to the customer's doorstep. E-commerce retailers are not required to collect sales tax and this is another

advantage for customers. E-commerce sales are increasing every year by double digit percentages.

Ms. Beck also reports that overhead costs for businesses are increasing at a much faster pace than sales. Personnel and benefit costs are of great concern and some legal stipulations are posed for retail businesses, such as the requirement to pay time and a half on Sunday. There is also the impact due to the rise in minimum wage. Insurance premiums for small businesses have increased 11% each year for the past two years; larger employer increases have been only 3.6%.

Ms. Beck also noted that the recent sick time benefit (new law) for all employees is an added financial burden. She also notes the uncertainty that the Springfield Casino will have on Northampton's economy. She reflected on Mayor Narkewicz's prediction of a reduction in sales of between $4.0 and $8.0 million for Northampton's businesses.

Councilor Bidwell asked what seems to be the deciding factors about whether to locate a business in Northampton. Ms. Beck suggests that more acreage around downtown would draw more businesses to the City. Other considerations include: the single tax factor is an advantage to businesses, Northampton has a reputation as a great place to visit, and the quality of the workforce is perceived as beneficial to businesses.

Rose Bookbinder is an organizer from the Pioneer Valley Workers Center (PVWC) and an organizer for Jobs with Justice. The PVWC has been operating for two years and is a space created for workers to learn about worker's rights and to offer a location for training. The primary client is low-wage and immigrant workers. Today they will be delivering a report called "Working Conditions in the Northampton Restaurant Industry". The report was done in collaboration with UMASS Amherst Labor Center. She contends that restaurant workers in Northampton are facing serious exploitation that violate existing state and federal labor laws. Workers also face racism, sexism and discrimination based on legal status. Ms. Bookbinder has been involved in the food justice program locally whereby the community can source locally and sustainably and is interested in bridging the issues of worker's rights and food justice and to figure out how to create a sustainable food system so that those who produce, grow, and serve food have just working conditions equally. The report has specific recommendations, including the drafting of a wage theft ordinance.

Jonathan Alvarez testified as a local restaurant worker; his testimony was made available through the use of a translator. Mr. Alvarez explained that the experiences he is talking about also include the experiences of his colleagues. When he first came to Northampton, he had a very bad experience working at India House. It is very frustrating have experiences of abuse. He didn't think that his experience would be like that and he hopes that the committee will support the work of the Pioneer Valley Workers Center. He feels that what is needed is equality in the workplace, respect and security for workers, and for employers to follow the law. Many workers are afraid that they will be fired if they speak out. He encourages others to speak out but others are afraid of retaliation. Councilor Klein asked if retaliation has been a problem since his experience with the Workers Center. Mr. Alvarez stated that as of right now he has not experienced retaliation, but he is not sure what he would do if it did happen. His particular negative experience with a restaurant is not unique to him; many workers there face disrespect and are being yelled at by the employer. Employees also overhear derogatory remarks made by the employer. Councilor Sciarra asked what advice Mr. Alvarez might have for the committee to encourage others to speak out. Mr. Alvarez explained that at the worker's center, they are trying to create a community where workers can feel free to speak about the issues that they face. Mr. Alvarez stated that it would be helpful if the Council made a statement denouncing retaliation by employers when workers come forward.

Clare Hammonds, a Professor of Practice at the UMass Amherst Labor Center, presented the report on working conditions in the Northampton Restaurant Industry. In Northampton, the restaurant industry employs over 1,500 people. A total of 235 face-to face surveys were

conducted with workers in 85 unique restaurants between March 2013 and January 2016. The report also makes use of data from the American Community Survey, the Economic Census and the Bureau of Labor Statistics. The report shows that across all job categories, workers reported working an average of 32 hours per week and bringing home an average of $380 net pay. The workforce is about 57% female. The age of restaurants tends to be lower in this industry; about 45% are between the ages of 16-24. About 78% of the workers made less than a living hourly wage. 94% of workers do not receive health insurance from employers; 95% don't get sick days and 80% of the employees have worked when they have been sick. Regarding wage theft, it is defined as workers not getting the full amount that they are owed. The common scenarios include: employees are not paid all of the wages due, don't pay overtime as provided for by law, and are not compensated for duties performed outside of their "shift". Another part of the study found that 94% of workers did not receive health and safety training from their employer. Workers also face a fair amount of abuse from employers, including verbal harassment, sexual harassment, and discipline issues.

Several recommendations were identified in the report and were summarized by Ms. Hammonds. They include:

- Strengthening enforcement of employment laws in the restaurant industry and make sure that violators are are penalized;
- Enacting policies that would help workers navigate the erratic scheduling at their jobs;
- Support collective organizing for restaurant workers;
- Use opportunities to create public awareness and to enhance recognition for responsible employers;
- Implement a system for flagging those businesses to which the City issues permits that are "wage theft violators".

Jocelyn B. Jones, is a Labor & Employment attorney representing unions and individual employees at Segal Roitman, LLP in Boston. She is formerly a Deputy Division Chief and Special Counsel for Fair Labor Policy in the Attorney General's Office. Ms. Jones supports the work of the Pioneer Valley Workers Center. Ms. Jones reports that the Attorney General's Office has a real commitment to wage and hour law enforcement. One of the keys is having partners in the community, including local government. The Office works collaboratively to identify employee misclassification and to end the "underground economy". This underground economy creates an unlevel playing field for honest law-abiding businesses and subjugates and exploits workers. It also plunders the tax base in cities and towns and the state. The misclassification task force had a huge focus on wage theft and non-payment of wages. Millions of dollars have been recovered and Ms. Jones reports that the restaurant industry is one of the targets of the underground economy. A lot of complaints also come from the construction business. The AG's office wants to continue partnerships with community government to stop unlawful practices. She specifies that the city doesn't do the enforcement work, but they do support the workers who come forward, pass along the information to the AG's Office, and adopt ordinances to support the workers. There is a municipal law unit within the AG's office that can help answer questions in these areas.

Terry Masterson, the Northampton's Economic and Community Development Director, spoke about the importance of the issue summarized by Ms. Jones. He would also like to see stakeholders from the business community present information about the economics of operating a restaurant to give further evidence to give legitimacy to what Ms. Jones is speaking about.

Mr. Adam Dunetz is the owner of the Green Bean and the Roost restaurants in downtown Northampton. Mr. Dunetz reports that the restaurant business is hard work. He admires the work that the Workers Center is doing. He strives to follow all of the employment and wage laws that he is aware of. He believes that it is possible to follow all employment and wage laws and follow a sustainable business. He is unaware of other restaurants in town that don't follow labor and

employment laws. He does not look to get special recognition for following the rules and laws that are expected of business owners. He talked about a three-pronged model for business--the employer, the employee and the customer. If any one of parts are not doing well, then the business is not succeeding.

Director Masterson noted that an article in the Richmond Dispatch addressed the fact that malls are re-calibrating since big-box stores are closing. Not only are they closing, but the article notes that people are becoming poorer. One out of eight people are now classified as "poor". As other jobs are "off-shored" the service jobs, like restaurant workers, are a way of life. It is critical that they have an economic foundation and an organized structure to them with benefits, etc.

New England Regional Council of Carpenters Lead Organizer Manny Gines was on hand to talk about the impact that unfair labor practices have on workers. He represents local 108 with 881 members. He supports a livable wage; wage theft also happens in the carpenter's union. Sometimes workers wait 5 - 6 weeks to get paid. Sometimes they don't get paid overtime they are due. In one case, Mr. Gines is aware of a worker paying to be trained by an employer. Mr. Gines reports that there was a worker working for a contractor who was underpaid, beat up (by the employer) and when he left, was not paid the final wages he was owed. Mr. Gines proposes that the underground economy accounts for $2 trillion in unreported income. In the construction industry, this takes the form of paid-in-cash for work performed, or job misclassification. He believes that one - in - four construction workers in Massachusetts is working a job that is mis-classified (numbers reported from Harvard Construction Policy Research Study). The loss to the state in underreported or unreported income tax and unemployment insurance tax exceeds $100 million (from 2001 - 2003). Wage theft in Northampton includes a job site at Christopher Heights.

Director Masterson unveiled new economic data that is now available on the city's website. The data is available on the Mayor's webpage under "Downtown Northampton Economic Indicators". The information offers statistics and data trends on the economic health of downtown Northampton.

There are 190 businesses in the downtown area specified by boundaries identified on the website. Food and beverage establishments account for 31.6% of the businesses (60 total). There are about 40 stores that sell books, jewelry, clothing and specialty items. Only 9 stores are national chains. The numbers are estimates and are based on a walk through downtown. By comparison, Amherst has approximately 74 businesses in its downtown area and Easthampton has approx. 82.

Director Masterson reports that Northampton has seen approx. eight new businesses in the downtown area; Thornes has reported that it is fully leased for the first time in its forty year history. An additional six businesses have transitioned to new owners or relocated. This compares to nine businesses that have closed in the same time period. New construction projects and renovation projects were also reviewed. The include:

- Independent Living Project @ St. John Cantius Church (estimated value: $10 million); this is an independent living facility that will offer living units for retirees
- Fairfield Inn (estimated value of $6 million); This new facility offers 108 rooms
- Pulaski Park Renovations (estimated value: $3.6 million)
- CheckWriters (estimated value: $1.8 million); a business relocating from West Springfield
- Click Workspace (estimated value: $1.6 million); offers a collaborative workspace for freelance workers and entrepreneurs
- Smith College Grecourt Gate Renovations (estimated value: $1.5 million); renovated landscaping project and restoration of the historic Grecourt Gates

- Academy of Music (estimated value: $700k); physical renovations including new seating, roof work and interior painting

There are currently 14 vacant storefronts out of 204 retail portals. This translates to a vacancy rate of 7%. Seven buildings / properties are currently empty.

Director Masterson showed a table of sample retail rents for Northampton and other communities, including Amherst, Chicopee and Holyoke. His data also include communities outside of Massachusetts, including New Haven, Hartford, Stamford, White Plains, and Greenwich.

RENT DATA FROM CITY WEBSITE

City or Town	Section	Rent	Average Rent
Northampton	Downtown Center	$27	$27
Northampton	Main Street	$33-$42	$37.50
Northampton	Pleasant Street	$23-$29	$26
Northampton	King & Center Streets	$20-$21	$20
Amherst	Downtown Center	$26-$32	$29
Chicopee	Overall	$9-$12	$10.50
Holyoke	Downtown	$9.50-$12	$10.50
New Haven	Downtown	$30-$39	$34.50
Hartford	Downtown Center	$18-$35	$26.50
Stamford	Downtown Center	$25-$45	$35
White Plains	Downtown Center	$29-$50	$39.50
Greenwich	Downtown Center	$85-$125	$105

Director Masterson noted that Easthampton has about 60 stores in its downtown area. Their retail is much different than Northampton's and he feels that a much better comparison would be downtown Holyoke or Chicopee.

Regarding Building Values, Director Masterson looked at similar sized and purposed buildings from downtown Northampton and compared them to properties in Amherst, and Middletown, CT. Northampton buildings had an average price per square foot of $144.00 versus $81.14 for Middletown and $128.00 per square foot in Amherst.

Key local revenues for the City include Hotel Occupancy Tax, Meals Tax, and Parking Fees. Regarding Hotel Occupancy, Tax Revenues have been flat since 2012. Small growth in 2016 may be due to the Fairfield Inn opening while the Clarion Hotel was still open. Revenue numbers are expected to decline in 2016 due to the closure of the Clarion Hotel. The data does not reflect Air B&B activity. Total meals sales, and as a result, meals tax have remained flat since 2012. Parking revenue for the E.J. Gare Garage, parking lots and on-street parking have remained stable over the last three fiscal years. Director Masterson notes that there is a ceiling to the amount of revenue that the city can collect due only to the fixed number of parking spaces in the city. The data reflected in Director Masterson's study did not include parking violation fees.

Director Masterson noted that Northampton is a draw for numerous visitors each year for a wide variety of entertainment venues (museums, parades, nightclub and other civic entertainment). Attendance figures are high, but stagnant for years 2012 through 2015. The increase in 2015 could be in part due to the newly opened Amtrak Vermonter service.

The issue of increased rail service was identified as one way in which city government can impact local businesses. Two stops a day by the Vermonter is not enough.

Jasper Lapienski of 43 West Street suggested that the City Council should exercise caution when soliciting opinions from and bestowing compliments on the Chamber of Commerce. In 2012, Mr. Lapienski stated, the Chamber spent $75 Million to get Mitt Romney elected president. In his opinion, they do not represent small business.

Councilor Bidwell noted that the local chamber is not affiliated with the National Chamber of Commerce that is reflected in Mr. Lipienski's comments. The politics of the local chamber is completely different than the national chamber.

7. **Adjourn:** At 8:00 pm Councilor Bidwell moved to adjourn the meeting; Councilor Carney seconded the motion. The motion was approved on a voice vote of 4 Yes, 0 No.

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