MEMORANDUM

DATE: April 17, 2018

TO: CRCOG Policy Board

FROM: Lyle Wray and Maureen Goulet, CRCOG

SUBJECT: **Amazon HQ2 After Action Review and Recommendations**

At the CRCOG Policy Board strategic planning session held on February 21, 2018, one of the follow up items was what can be learned from the Amazon HQ2 RFP solicitation process. Based on a review of proposals submitted for Amazon HQ2, CRCOG identified the following statewide and regional issues and recommendations in relation to economic development:

The key statewide identified issues were:

- A stronger, coordinated, modern presentation
- Developing a statewide plan for marketing Connecticut to businesses, as well as regional plans for each major urbanized area
- Addressing statewide structural fiscal challenges
- Developing a responsive workforce development system tailored to the needs of employers
- Strengthening public transit and overall mobility improvements
- Expanding broadband infrastructure to meet the increasing demands of high tech firms

The key recommendations for the CRCOG region were:

- Adopt and implement the Comprehensive Economic Development Strategy that is currently under development
- Expand and support CT*fastrak* and CT*rail* service with housing and business development around stations
- Develop and implement workforce development programs that can train and educate both college bound and non-college bound students at a scale that responds to major industry cluster needs

Background

The State of Connecticut submitted a response to a Request for Proposals from Amazon for their HQ2, along with 237 other states, cities and regions. Amazon announced a second-round shortlist of 20 finalists on January 18, 2018. None of the proposed sites in the State of Connecticut were on the list. In reviewing the State's submission and comparing it with other finalists and non-finalists, CRCOG has identified some weaknesses in the submission, state level issues and infrastructure needs that hindered consideration of the State of Connecticut as a finalist. Recommendations are suggested to prepare for a future major economic opportunity.

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A voluntary Council of Governments formed to initiate and implement regional programs of benefit to the towns and the region

The Connecticut Presentation
The State's proposal seemed to lack a single tight framework. The proposal was for two separate locations: Greater Stamford and Greater Hartford. In addition to being part of the State of Connecticut's proposal, Stamford was part of a proposal that included Bridgeport, Fairfield and New Haven and was also listed as part of the NYC metro area in New York Cities proposal. In addition, the City of Stamford submitted a separate proposal. Danbury and Enfield also submitted proposals. A coordinated statewide response would have identified and included the strongest location in a cohesive, single proposal.

The State of Connecticut's proposal was text heavy and light on graphics, which made it appear old-fashioned and dense in comparison to the submissions of the other finalists. The language of the proposal was not strong and affirmative – for example, the tagline was "Why Connecticut?" which is weak compared to "Boston. Yes." The theme for the proposal for Greater Hartford was "Be Part of Our Reinvention", basically stating "the region needs you more than you need us." The proposal did not seem to be well organized and it seemed disjointed and repetitive. For example, the proposal addresses the CT workforce on pages 1, 9, 11 and 18.

State Level Issues
The proposal for Greater Hartford identifies the region of 38 towns and cities as "one cohesive ecosystem", but this doesn't reflect the reality of how the region functions. While the region engages in a great deal of regional cooperation through CRCOG programs, many of our programs are voluntary and there are varying degrees of participation from towns in the region and varying levels of cohesion.

The proposal from Greater Hartford would also be almost entirely new build, on both sides of the river. Given the State's fiscal problems, and the likelihood of significant tax benefits granted to Amazon if they had chosen Connecticut, it would be a difficult proposal to fulfill.

While Connecticut has a highly educated workforce, the State also has an aging workforce with a limited supply of workers added to the economy each year. As younger college educated people leave the State, they often to go to higher cost urban areas that offer a diversity of jobs and population, accessible mass transit, and more social and cultural activities. Unlike other states, Connecticut lacks a comprehensive, integrated approach to meeting the workforce needs of employers. The proposal offers no tailored approach to workforce development and fails to make the case that educational institutions are producing enough graduates in relevant fields to meet the needs of Amazon.

Infrastructure Needs
While the State has a 30-year plan in place for transportation infrastructure, the region's transportation infrastructure is far from world class. Much has been done in the past decade but a lot more remains to be done.

The State's proposal notes that you can take rail from Stamford to JFK airport, but that includes several transfers that make the trip inconvenient. Direct transit service to Bradley Airport is infrequent.

Traffic congestion on the major freeway corridors in the state is challenging and increasing.

Some of the transit programs touted in the State's proposal are not yet committed to by the state including a high-speed water shuttle and autonomous vehicle zones.

With respect to broadband access, Connecticut has better connectivity than many other states, but there are weaknesses due to capacity issues. The CEN connects schools, public safety and many municipalities, but there is not a statewide gigabit network for businesses needing that type of service.

Recommendations for CRCOG

- Adopt and implement the Comprehensive Economic Development Strategy that is currently under development

Comprehensive Economic Development Strategy – in the Hartford Metropolitan Region, a coalition of regional leaders in business, transportation, and community development are working as an advisory committee on the Comprehensive Economic Development Strategy (CEDS). This group will identify and prioritize the leading opportunities for lasting economic growth in the region. The plan will include a situational analysis that is designed to help the region identify the opportunities that are best suited to our individual strengths and weaknesses; a set of limited game changer strategies; and a framework for developing the relationships and capacities necessary for sustained implementation. Similar strategies for metropolitan regions of the state would help the state prepare for the next opportunity along the lines of Amazon HQ2.

- Expand and support CT*fastrak* and CT*rail* service with housing and business development around stations to better connect the region internally and externally

One of the common themes of proposals that did not make the cut was a lack of rapid transit. Continued support and opportunities for expansion/extension of the CT*fastrak* and the Hartford Line is needed as well as rail connection from Hartford through Springfield to Boston. Transit oriented development around stations would also add to the attractiveness of the region.

- Develop and implement workforce development programs that can train and educate both college bound and non-college bound students at a scale that responds to major industry cluster needs

While Connecticut has a highly educated workforce, it is an older workforce. Many students spend their educational years here and then leave for brighter pastures. Some programs could be implemented to keep young graduates here, such as student loan forgiveness for graduates who begin their careers at Connecticut companies, or more funding for promising entrepreneurial endeavors.

Greater attention to credentials and Associate of Arts degrees for students that will not complete BA level work is needed to supply a large element of the skilled workforce for the major industry clusters in the region. The region (and the state) has numerous and fragmented programs that train students, re-skill existing workers, and provide entrepreneurial support. To be competitive, the region needs to provide these opportunities at a much greater scale. Training programs should also be directed by industry associations so that they remain responsive to employer needs.

Conclusion

While the Amazon HQ2 competition is over for Connecticut, we can still position the state and the region to be more competitive. To do so, the state and the region need to pursue fiscal stability, fund the transportation system, and develop a comprehensive responsive workforce training system. By taking these actions, the state and the region will not only realize the benefits of these initiatives, but will gain valuable credibility with the private sector.