

DEVELOPMENTS *New England*

New England Developments

Policy Issues Shaping the Regional Economy

Summer 2000

Good Growth in Connecticut

by **Anthony J. Francoline**
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Smart Growth is the rage among many planners, environmentalists and policymakers at both federal and state levels of government, heralded by some as the ultimate cure for the scourge of 20th Century “suburban sprawl.”

What’s so good about it? Current wisdom says if we build at higher densities and use land where infrastructure already exists—that is, in cities and inner-ring suburbs—we save land and money by avoiding new infrastructure costs and diminish dependence on cars. The social and economic divide between races and between the haves and have-nots will lessen because the affluent will live in urban settings.

Models

The models smart growth advocates point to are:

- Metropolitan areas where “urban growth boundaries” establish lines around areas where growth is encouraged and where growth will not be allowed, such as Portland, Oregon, and Montgomery County, Maryland;
- “New Urban Communities” built at higher densities (6 to 14 units per acre) where community design focuses on pedestrians, mixed uses, convenience and communal open spaces and parks; and
- “Infill development” in cities and inner ring suburbs where higher densities soak up the growth that would

otherwise consume larger lots in outlying suburbs.

Faulty Assumptions

So what’s wrong with Smart Growth? Why hasn’t it taken hold in New England? For the most part, it is based on some erroneous assumptions, namely:

- Real estate markets, both residential and commercial, do not operate on the basis of free choice; that somehow, people will either choose to live differently when they finally see the error of their ways, or can be forced to live in higher density development if nothing else is available. This is wrong because the market is, in fact, very free and if we in Connecticut don’t have what people want, they can and will move elsewhere.
- Forces of growth exist and will continue to exist so that land consumption will continue to be a major problem. This argument ignores the fact that in 370 years of settling communities in Connecticut, we have only consumed or developed 17% of our land area. We live in a very fragile economic region, however, in that we are the fourth slowest growing state in the union and we have some of the highest housing cost markets in the country. The outflow of population and jobs in the 1980s proved that people follow jobs and that prosperity in Connecticut is not inevitable.
- Existing infrastructure in our cities and older suburbs are ready to accept new growth. This is an illusion. The reality is that much of our urban

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Smart Growth in Vermont

by **Molly Lambert**
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Records indicate that discussions about economic strength and environmental integrity began in Vermont as early as the mid-1930s and have continued ever since. In the early 1960s the construction of the interstate highways and the growth of tourism stirred the debate. Poorly designed second homes, particularly in southern Vermont, fanned the controversy and brought people together to discuss the erosion of Vermont’s countryside and the impact of growth. Gov. Phil Hoff responded by initiating land use planning at the state and regional levels.

In 1970, Gov. Deane Davis signed Act 250, Vermont’s distinctive land use law. The law protects Vermont’s pristine environment and attempts to address the environmental impacts of large developments. In signing Act 250, Davis said, “We can’t make a national park out of the state, but neither do we need to create a commercial jungle.” He also posed the question, “How can we have economic growth and help our people improve their economic situation without destroying the secret of our success, our environment?”

Many subsequent attempts to legislate an answer to that question followed. Act 200 was passed in 1988 to bolster planning efforts. It created the municipal and regional planning fund

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**Northeast
Utilities System**

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infrastructure is crumbling and woefully inadequate and would cost much more to remove and replace than to build anew in other places. From an economic perspective, it may be “smart” to avoid the costs of rebuilding and start fresh. In fact, the “greening” of many Connecticut cities achieved through demolition and rebuilding at lower densities has often had a very positive effect on the quality of life there.

Also, Smart Growth ignores the bases for private decisions about where and how people wish to live, as driven by five key factors:

safety – people want to feel secure, a spoken and unspoken concern;

schools – the No. 1 concern of families with children;

public services – good police, ambulance and fire services, park and recreation facilities;

access – to commercial services, shopping, employment, places of worship, entertainment and cultural enrichment; and

taxes – deemed reasonable for the level of services provided.

Choosing where to live is based on personal issues such as privacy, real and perceived; housing choices that fit different family needs and lifestyles; and neighbors. Living at higher densities and moving back to the cities just doesn't suit everybody.

The model of a booming metropolitan area run by a monolithic regional government with a defined core city, inner ring suburbs and expanses of rural land simply doesn't exist in Connecticut. We have no major cities like Boston, Atlanta, or Portland, Oregon. We have entire regions of suburbs with no identifiable core city. Our places of employment are too spread out for traditional commuting patterns.

Further, Connecticut's political



system—169 separate municipalities each making its own land-use decisions independently—makes it next to impossible to impose urban growth boundaries. In particular, singling out certain areas for higher-density growth has proved difficult. While our political system is often criticized by land planners and environmentalists, it is one of the things residents love most about Connecticut.

The perception of access to, participation in and influence over local public policy making is one of the things valued most by people who live here. Town meetings, referenda on big issues, and elected leaders known by first name and only a phone call away, are sacred aspects of life in the Nutmeg State. Higher density, “new urban community” and “infill” developments face uphill battles in Connecticut because the people who would be most affected see them as threats to property values and privacy. These Smart Growth concepts conflict with the “no growth” tendencies of much of the population.

Without Smart Growth would Connecticut, with its beautiful rural areas and low density suburbs, yield to the forces of sprawl, pollution, congestion and overspending on infrastructure? No. But we must start with the concept of Good Growth instead of Smart Growth.

What Is Good Growth?

It's a strategy that does not rely on turning our political system upside down or fighting free markets. It recognizes

political and economic realities and works with them to improve development and preserve what's important to all of us.

First, why do we need growth at all? To provide freedom of movement, freedom of choice and household formation—the very stuff of life in our society. Even without a population increase, the number of households grows as families age; parents buy smaller homes, children rent apartments, couples get divorced, and same and opposite sex couples and individuals set up house.

Good Growth says: Let's start with preserving what's really important to us, such as land where natural resource, ecological or recreational values are significant, as well as buildings and areas of

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Guest COLUMN

From the Industrial Revolution to the Information Revolution



by **Dr. Andrew M. Scibelli**
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Andrew M. Scibelli

Springfield Technical Community College, founded in 1967 as the twelfth member of the Community

College system in Massachusetts, was born out of a need for economic development.

It was in the early 1960s that Robert McNamara, who was then secretary of defense, made the surprise announcement that the Springfield Armory, one of the largest employers in the region, would be closed and the work transferred to Rock Island, Illinois. At first, officials were stunned. Closing the armory, a place hand-picked by General George Washington, was unthinkable. The sheer history and innovation linked to the site led most residents to think it would always be there. Wasn't the armory the place where the Blanchard lathe was developed, changing forever the way goods were manufactured in the world? Wasn't it that place on Federal Street that made the M-1 rifle, the Springfield rifle? How could this happen, and what would happen to the thousands of people employed there?

As the closing became reality, a combination of business and elected leaders conceived the idea of using the Springfield Armory site as a community college. It was inspired thinking.

Springfield Technical Community College's birth in 1967 began an evolutionary process that continues today and will continue well into the third millennium.

STCC developed an initial curriculum that was designed to give area residents career opportunities in the Pioneer Valley of Massachusetts as well as northern Connecticut. To that end, STCC has always maintained a strong relationship with private sector employers to determine their current and future needs for employee skills. STCC's technical curricula have given many residents the opportunity to earn associate degrees and access to immediate employment or continue their education at four-year institutions.

Creating a Technology Park ...

As STCC's mission of quality educational opportunities continued, another potential setback for the Springfield economy occurred in 1992. Digital Equipment Corporation decided to abandon a 15.2-acre site, across from the STCC campus. STCC immediately embarked on a sustained, complex effort to acquire the property and create a technology park and economic development center. The STCC Technology Park was born in 1996, the only one of its kind in the United States, and now is home to 14 businesses that take advantage of the STCC faculty, student population, fiber optic network in Springfield and skilled residents of the area.



The STCC Technology Park enhanced the reputation of the college to the point where STCC now has unique relationships with companies such as Microsoft, Cisco Networking Systems, and Verizon Wireless to train and re-train employees affected by changing technologies. The Northeast Center for Telecommunications Technologies creates programs to retrain employees of companies that are "modernizing" their businesses.

... and an Enterprise Center

As STCC works with current businesses, a natural next step is to work with people who wish to start new companies. Entrepreneurship is more and more prevalent and, once again, STCC responded to the challenge with the creation of the Springfield Enterprise Center, a small business incubator that opened in October 1999. The SEC is a place where a new business can maintain residence for up to three years and take advantage of myriad counseling opportunities in finance, law, regulation and other areas that will help a business succeed. If a new business has been part of an incubator process, it stands an 80% better chance of success than a business that has not been part of that process.

A \$3.9 million renovation of the 39,000 sq. ft. building on the grounds of the Technology Park has resulted in a facility that provides room for up to 20 businesses, a state-of-the-art video conferencing center for the area business community, and a home for the Entrepreneurial Institute, a hub for entrepreneurship in the area that offers exciting workshops and programs. The Entrepreneurial Institute also conducts a program for more than 600 high school students throughout the region to teach them the basics of starting and operating a small business. It's called the "YES" Program for Young Entrepreneurial Scholars. The funding for this project comes from private, federal and state sources, as well as company-based Foundations.

To some, an educational institution being an engine for economic development is an unusual idea. At STCC, it's a way of life. We constantly work with the business community to provide meaningful opportunities to those we serve. Almost all of our 23,000 graduates, traditional and non-traditional, wish to live and work in this area. We don't want to lose them. We, as a community of public and private sector businesses and educational institutions, can't afford to. ■

Smart Growth, cont'd. from page 1

and the state's Housing and Conservation Board. Both were paid for by an increase in the property transfer tax. Act 200 also provided dairy income stabilization and a working farm tax abatement program.

In the early '90s, concerns related to employment and wages far surpassed those related to preservation of open space and traditional settlement patterns. The weakened economy led to a precipitous drop in funds for planning. These dollars were not fully restored until 1998.

Recent Developments

In 1997, the state passed Act 60. The law was intended to equalize funding for education throughout the state. The school portion of property taxes raised and collected by communities are now turned over to the state to be reallocated to municipalities based on an average cost to educate all students in a community. No longer dependent on local property taxes to support their local schools, communities are beginning to consider commercial development differently. This may have a profound effect on Vermont's land use patterns.

In 1998, Gov. Dean signed the Downtown Development Act into law. The law encourages downtowns to achieve a designation status. Once designated, downtowns are eligible to receive a variety of grants, loans, and tax credits for historic buildings and priority for funding from other state programs.

The downtown bill is only one piece of the governor's smart growth strategy. His central principle in preserving the landscape while creating quality jobs is to collaborate with developers, not litigate. To achieve this, Dean has created a development cabinet to ensure that the state's approach to economic development projects is coordinated, consistent, predictable and proactive.

Concerns and Remedies

Vermont's "smart growth" policies have met with some stunning success, but areas of concern remain. Some of the more critical are the:

- lack of a mechanism to assess the cumulative impact of smaller non-regulated projects;
- decline of working farms; and
- expense of downtown development in relation to the suburbs.

Vermonters are addressing these challenges and encouraging smart growth through:

- partnerships with organizations like the Vermont Land Trust, the Forum on Sprawl, and the Housing and Conservation board;
- implementation of land-use strategies including regulation, conservation of open space, downtown development and programs to support farming;
- promotion of sectors of the economy that match Vermont's values including financial services, technology, natural resource markets and outdoor recreation.
- the adoption of a set of flexible construction standards by the Agency of Transportation that includes the philosophy of maintaining the existing road and bridge network rather than a focus on new construction; and
- the permitting and funding of water and sewage disposal projects by the Agency of Natural Resources that considers secondary growth impacts.

Why Is Smart Growth Important to Vermont?

The case for smart growth is built on a smart economy. Vermont's quality of life and extraordinary natural landscape are the foundations of an economically important brand. This brand contributes to a \$3.4 billion tourism industry, a

food products industry that is growing at 15 to 20 percent annually, a state that is in the top five in high-tech jobs per capita, and a state that continues to retain its high quality labor pool because of its renowned quality of life.

We are also beginning to assign a cost to our economy resulting from the destruction of farm and forest land; the demise of our downtowns; the investment in new infrastructure; the expense of new schools outside of the town center; and the loss of community.



Perhaps Molly Beattie, former commissioner of Vermont Department of Forests, Parks and Recreation and former director of the U.S. Fish and Wildlife Service described best what we in Vermont are striving to maintain when she said: "Vermont will always remain the keeper of an alternative American dream. A dream of a place where bigger is not better; where community is more important than personal riches and partisan politics; where the distinction between village and countryside remains; where people can live close to the land; and where they can see the stars at night, clean snow and a hawk on the wing..."

This is the Vermont that stirs our hearts. Fortunately for us this is also the Vermont that supports a vibrant and diverse economy. ■

Power POINTS

Cities Lag in Job Growth

A report by the Brookings Institution indicates that central cities continue to lose ground in creating jobs to their suburban neighbors. While over half of the cities had employment increases during the mid-1990s, the increases were slower than in the suburbs. As a result the cities lost market share in metropolitan area employment. Surprisingly, the trend affected not only older cities in the Midwest and Northeast, but also supposedly flourishing cities in the South and West. This trend, attributed to lower business costs and better labor markets in the suburbs, is especially troubling as it occurred during a period of unparalleled economic growth.

Creative Economies

A new project by the New England Council aims to show the importance of cultural activities to the region's current and future economy. Their research indicates that direct and indirect employment in arts and culture supports 245,000 jobs, or 3.5% of total New England employment, and brings in more than \$7 billion in revenues from outside the region. By comparison, software and communications service employs less than 200,000. As a share of the workforce, cultural employment is highest in Rhode Island (4.5%) and Vermont (4.2%), followed by Connecticut (3.7%), Massachusetts (3.5%), New Hampshire (2.9%) and Maine (2.2%).

Bradley Airport Redux

Reacting to a groundswell by business people to recognize and improve Bradley International Airport's position as an economic driver of the region, Connecticut Gov. John Rowland created an executive council to work with the state Department of Transportation, which runs the airport. (See *New England Developments*, Spring 2000.)

Consisting of six public members under the direction of the transportation commissioner, the council will develop over the next several months a long-term vision and master plan to guide the airport's future growth and a management team that will be accountable for operating results. Meanwhile, passenger traffic is booming at Bradley, up 19% for the year to date.

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Kid-Friendly States

New England states do well in a national survey of child-welfare indicators compiled by the Annie E. Casey Foundation. Rankings are based on composite scores for 10 indicators including infant mortality rates, children in poverty, teen birth rates and teen drop out rates. New Hampshire has consistently scored at the top of this survey and they ranked first again in 1999. Maine, Massachusetts and Vermont also placed in the top ten in the United States, while Connecticut ranked 12th and Rhode Island 17th. Poor scores on the percent of children in single-parent families and the percent of teens who are high school dropouts pulled down Rhode Island's ranking.

More Rankings

Morgan Quitno's "Most Livable State" rankings for 2000 (Minnesota won for the fourth straight year) placed New Hampshire fifth and Massachusetts ninth, but most of the New England states had something to crow about. New Hampshire had the fastest job growth, was the healthiest state and the second safest state; Massachusetts had the lowest highway fatality rate; Maine had the highest homeownership rate; Connecticut had the highest per capita personal income; and Rhode Island had the lowest pupil-teacher ratio in public elementary and secondary schools.

Older Workers

Social Security changes eliminating earnings limits for certain seniors may spur more older Americans to continue working. Since 1989, the percent of persons 65 and older that are employed has been roughly stable at 11.5%, and the share has declined from 12.7% in 1979. Vermont is a national leader in older workers with almost 15% of those 65-plus years old employed. New Hampshire and Massachusetts also have more older workers than average, while Maine, Connecticut and Rhode Island have relatively fewer older workers. Rhode Island especially could address some of its worker shortages with the elderly, as only 8.6% of them are employed in the Ocean State.

If At First...

Having predicted for two years a slowdown in the New England economy that failed to materialize, the region's economists are at it again. In their semi-annual Outlook Conference in May, the New England Economic Project forecast a halving in the rate of job growth (to 1.0% per year) for the 2000-04 period from the prior five year rate (2.0%) as well as a drop in Gross State Product growth from 4.0% to 3.0% annually. The predicted slowdown is attributed to higher interest rates and (once again) the constraints of slow population and labor force increases. ■

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historic or architectural significance.

Second, Good Growth uses incentives to encourage communities to accept the kinds of growth needed to reduce land consumption. In Connecticut, inner-ring suburbs are rushing to buy up remaining land. This, indirectly, causes more sprawl because the market is forced to move further out. The real solution lies in helping communities that are willing to accept growth.

Yet there is a policy "disconnect" between Connecticut's state and municipal governments. The state wants to encourage economic growth and the prosperity it generates. One of the state's most cited economic problems is the need for more people to fill the jobs created in this New Economy environment. The state spends millions to convince young workers to stop leaving and begin migrating to Connecticut. At the same time, municipalities discourage residential development because they fear the presumed negative fiscal impact of more houses with more children.

How Do We Solve This Conflict?

The state can encourage towns to accept residential growth by providing

additional funds to school systems on a per new student or dwelling unit basis. Organizations like regional councils of governments could add to their regional housing plans "fair share" targets for high- and low-density market rate housing. The state could provide bonus money for roads and utilities related to such developments. Finally, the state could make cluster and higher density development more feasible by putting the burden of proof on appeals of adverse decisions on the towns. This has already proved to be effective with affordable housing.

Municipalities already have the power to encourage higher density development. They can offer zoning bonuses for specific types of projects, encouraging developers to build in areas they deem desirable. Many towns already have a special classification for age-targeted housing. Some towns also offer the transfer of development rights to applicants who purchase two sites; one which would be reserved for open space and the other designated for higher density housing. In this way, the town gains free open space and the developer gets the number of units he has paid for.

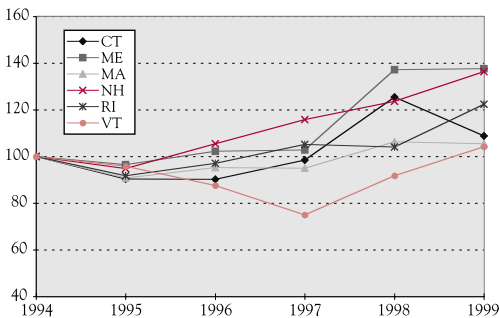
The good news is that age demographics are on the side of good growth. As baby boomers begin to reach their mid-50's, they are inclined to give up the big family house on the big lot for a smaller home on less land with maintenance done by others. These age-targeted and age-restricted projects are built at three to six units per acre and consume much less land than traditional subdivisions. So-called "active seniors" are also interested in living in locations convenient to the core cities for cultural, entertainment and shopping opportunities. Meanwhile, as the average age of marriage and child bearing increases, many younger families are opting to live in maintenance-free urban and inner-ring suburban environments convenient to sports, entertainment, dining and recreational opportunities and not in traditional homes on large lots. The boomers and the young families together account for much of the new household formation in 21st Century Connecticut.

In summary, Good Growth achieved by many small, positive and incremental steps is a more effective and likely solution to our land consumption concerns. ■

New England Population and Housing Trends

New Home Construction Is Stronger in Maine and New Hampshire

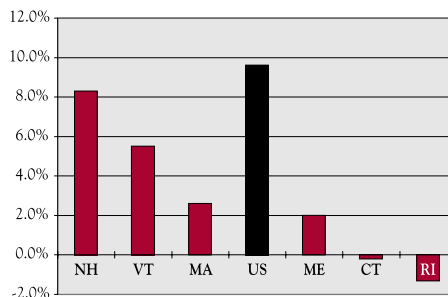
Housing Permits Issued 1994=100



Source: New England Economic Project.

New England Grew Slowly During the 1990s

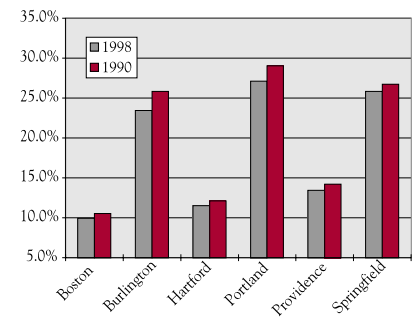
Population Change 1990-99



Source: U.S. Census Bureau.

Central Cities Are Losing Population to Their Suburban/Rural Neighbors

Share of Metropolitan Area Population



Source: U.S. Census Bureau.

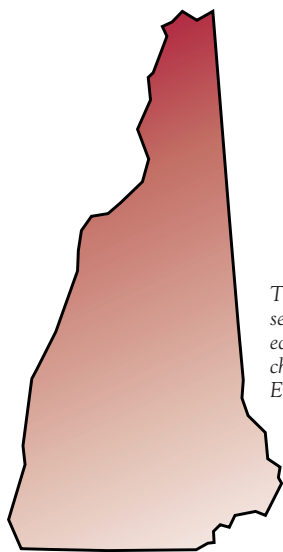
Regional Economic TRENDS

New Hampshire's E-economy, & Challenges for Our Future

by **Stuart T. Arnett**
**Director, Division of Economic
 Development**
State of New Hampshire

Every four years, in the cold of February, primary fever rages in New Hampshire with thousands of reporters from around the world. The media seeks familiar spots, retells stories, and renews their assumptions about the Granite State. For the international media, the McCain story was not the only surprise. Repeatedly, reporters from the Associated Press, *Business Week*, the *New York Times* and from as far away as Australia did feature stories on the economic story of the election: the resurgence of the New Hampshire economy.

The press used words such as “astounding,” and “amazing” to describe the improvement; one feature described the state as Nouvelle Hampshire. Closed brick factories and threadbare farmers worrying at the local diner were once backdrops for photo shots; but the back-



This is the second in a series of articles about economic development challenges facing New England states.

drops this year were at software company openings, at distance learning centers and with local firms who now sell more services overseas than to the states. The stories about long unemployment lines were replaced with laments about the need for more software engineers, and the abandoned housing piece was replaced with the housing boom lead.

What would make the hardened press corps become so impressed by the state's transition into a global leader? What happened in these four years? And most importantly, what are the challenges and opportunities presented by these fortunate changes?

What Has Happened?

Just a decade ago, at the height of the 1990 recession, nearly 20% of the private sector jobs in some of New Hampshire's regions were lost. That is, one private job in five was not just endangered, but gone. Our core industry leaders—banking, defense, mini-computers, and construction—were imploding. Major employers like manufacturing were becoming more efficient, cutting employment as output raised, and retail was flat during this recessionary time.

Since then, New Hampshire has become New England's economic leader and a model of “new economy” transition. Several factors have contributed, including the health of the national economy. But some things are unique to the state. True to our history of innovation, the recession planted an important seed, actually a thousand seeds, in that among the more than 1,000 software companies now operating in the southeastern portion of the state, many can trace their routes to the closings of mini-computer companies including Wang and Digital. Rather than relocating, many of these very talented people decided to stay in New Hampshire and grow new companies. The facilities left behind also were eventually magnets for industries such as finance; Fidelity Investments employs more than 2,000 skilled people in the former Digital facili-

ties. Defense cutbacks caused the closing of the Pease Airbase. But after significant state investment, excellent marketing, and several years of patience, the Pease International Tradeport provides more in jobs and incomes than the base ever did, and it is a major focus for the emergence of the Portsmouth area as the “E-coast.” And telecommunications investments made for the large users have positioned southern New Hampshire very well for the boom in broadband demand today.

The essential role of economic and community development professionals enabled many good things to happen. The Stewardship of the New Hampshire economy by these local, regional and state efforts has provided a remarkable return on investment.

Creative reuse of facilities left vacant by the real estate bust of the early 1990s provided developers and community groups with opportunities to provide housing and other community assets otherwise unaffordable. One creative New Hampshire city used the foreclosure flood to buy back at tax sales many blighted buildings and razed them, adding to parks, schools and adjacent neighbors' yards.

Innovation in traditional industries also paid strong dividends. As a recent University of New Hampshire study shows, manufacturing in New Hampshire is not only very important, but is increasingly high tech. Much of our high tech is in the manufacturing of high-tech products, and our traditional manufacturers have adapted high-tech solutions to improve productivity. New Hampshire has again become a productivity leader.

Success has also come from *not* changing. Our cost of doing business has not changed, being the lowest in New England. Our taxes remain a powerful incentive, ranking the lowest of all 50 states as a percentage of income. And our secret weapon—our balance between working and living—has become a determining factor to attract some of the nation's best and brightest.

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Regional Trends, cont'd. from page 7

Challenges Going Forward

This success has raised new concerns, and new opportunities. To be successful we must:

- Remember the business cycle, what goes up—we think—still comes down. Now is the time to prepare.
- Maintain our quality of space and life among New Economy change and development: New Hampshire is a cultural and natural resource state, and proudly so. To build up our economic status while squandering our heritage of place and community would be tragic and self-defeating.
- Grow and retain our own workforce: New Hampshire is a net exporter of young graduates from high school and college. We have relied on immigration from other states to fill needed jobs. But that pool of workers willing to

move gets smaller. We need to strategically invest in education, training and recruitment of needed skills to keep the momentum going.

- Broaden the Winner's Circle: Two counties out of ten account for a majority of the state's measured successes. Creative strategies to expand New Hampshire companies within other regions of the state are needed.
- Stay on the cutting edge of research and development: While our state university grows in federal research work, the commercialization and transfer of technologies is inconsistent, and our businesses can do better in becoming research centers. Research and development will open up more economic opportunity.
- Modernize the trailing edge: Manufacturing and other traditional industries

(tourism, retail, transportation) are important to New Hampshire. Their re-engineering into globally competitive companies is essential. Finding workforce and productivity solutions for these core employers will take innovation and new thinking, but must be accomplished.

The reemergence of the New Hampshire economy has brought new hope and opportunity to families and communities. Our businesses now stand as leaders in global markets. Our homes are again appreciating, in safe surroundings. But complacency is always there, waiting for a return of indifference. Knowing where we are going, knowing our values, and knowing the importance of our investments, is the best assurance of continued success. Only one thing is certain: The future will bring many surprises and opportunities. ■



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