

Copyright 1991
Union Leader Corp.
The Union Leader

 **The Union Leader**

March 15, 1991 Friday ALL EDITIONS

SECTION: SECTION SNH

LENGTH: 1495 words

HEADLINE: Three Veterans Tell How They'd Help Nashua Recover This Time

BODY:

(PHOTO) By KRIS FRIESWICK Union Leader Correspondent NASHUA - It has been a tough three years for the city of Nashua.

In 1987, it was touted as the number one city in the country by Money Magazine for its low crime rate, booming economy, and low unemployment rate.

Nashua rode the crest of the economic wave that rolled over New England in the 1980s, fueled by the Reagan era military buildup, the migration of high-tech companies into the region, the resulting increase in population, and the real estate boom.

Now, according to the preliminary results of a recent economic study of the city, the Nashua unemployment rate is above 7 percent, higher than both the state and national average.

What was once considered to be a diversified economy has become unified in one key area - deterioration, according to Beth Siegel, president of **Mt. Auburn Associates**, the Somerville, Mass., company hired to conduct an in-depth overview of the city's economy, and to recommend ways civic leaders can improve it.

According to the study, almost every major industry in the Nashua area - manufacturing, retail, real estate, and commercial - has declined significantly in the past three years. The study indicates that between 1987 and 1990, more than 6,000 manufacturing jobs have been lost. The construction industry lost 1,000 in the last year. Real estate, tourism and retail all lost jobs in the past three years.

To date, any attempt to stem the receding tide of economic good fortune has been overshadowed by increasingly bad news. A nationwide recession, characterized by a military build-down, a shrinking high-tech industry, plummeting real estate costs, the implosion of the construction industry, and the savings and loan crisis, has hit hardest right where Nashua breathes.

The economic boom has gone bust, and no one is exactly sure what went wrong. In fact, some observers surmise that almost nothing has gone right for Nashua since the Money article made the city nationally famous.

"The country overspent in the 1980s," said Maurice Arel, president of Pennichuck Water Works, and mayor of Nashua from 1977 to 1984. "Nashua was on the forefront. The computer industry was really growing, and we were in the middle of it. The military complex was going gangbusters. I used to say we had a good diversity because we had the military and the commercial work being done, but all of a sudden, everything came crashing down all at once. I never expected it to drop as precipitously as it did."

Sam Tamposi Sr., one of the founding fathers of a New Hampshire real estate industry, said that if it were not for the Tamposi Company's very successful Citrus Hills development in Florida, he would be having a difficult time staying afloat in New Hampshire.

"It's so difficult to do anything these days," said Tamposi, citing a plethora of city and state regulations and taxes which he believes may have had a hand in Nashua's downfall. "It's easy to sell a company on Nashua, but then it takes them forever to get approvals to build and occupy a building, during which time other states could step in and grab them up."

No one in Nashua had anticipated the decline and the resulting problems, and as a result, the area was unprepared when it happened.

Optimistic that an upswing was eminent, municipal spending continued to increase over the past three years while tax revenue projections continue to miss the mark by millions.

At the end of last year, in a response to this trend, Mayor James Donchess reopened and slashed the Fiscal Year 1990-1991 budget. This year, he has informed all city department heads to keep their 1991-1992 budget requests to a zero percent increase. So far, all departmental budgets that have been submitted have contained increases, some up to 8 percent.

As Nashuans look about them for answers to the economic dilemma, some are looking back to crises past for answers.

Among those being tapped for answers is former Gov. Hugh Gregg, father of current Gov. Judd Gregg and mayor of Nashua in the early 1950s. Gregg is considered to be one of the men who helped rescue Nashua from a similar economic disaster in 1948 - the year Textron Inc. decided to close all of its mill operations in the city.

In 1948, the mills employed 3,600 people, and in a town with a total population of 36,000, news of the closing hit the town "like an atom bomb," said Gregg.

"With all of these people out on the streets," said Gregg, "something had to be done. So we had all kinds of cooperation, and fortunately, we had good leadership."

Gregg and several other prominent Nashuans, aware that they would have to market the empty mills to other companies if they hoped to keep Nashua alive, formed the Nashua New Hampshire Foundation. The Foundation purchased all of the vacant mills from Textron for a ridiculously low \$ 500,000 for over 2 million square feet of mill space. The Foundation, using sophisticated and not-so-sophisticated marketing techniques, aggressively marketed every square foot of the space to outside companies.

Just over one year from the date that the Foundation purchased the mills from Textron, the Foundation members ceremoniously burned the mortgage they held on the mill buildings. The beneficiary of the Foundation, the Crotched Mountain Rehabilitation Center, got more than \$ 13 million from the deal, an end result that Gregg said no one ever anticipated.

The dramatic rescue earned Nashua national attention, which, Gregg said, helped to market the city. In retrospect, Gregg said that the economic recovery of Nashua in 1948 was mostly a result of luck, hard work and good timing.

A similar rescue now, Gregg said, would be all but impossible given the current economic climate, the makeup of the city, and the lack of real panic over the area's fiscal decline. But, he said, there are some lessons that could be learned from the Textron debacle.

"Then, we had a crisis," said Gregg. "We had a whole community ready to do something. It could happen again, but now, we just don't have the leadership that we had back then. Who is out there now trying to promote any outside industry to come into our city? There's nobody out selling Nashua." Gregg, Tamposi and Arel all believe that a unified marketing strategy is a must if Nashua hopes to survive this most recent crisis.

"The mayor has to gather 20 to 30 of the best businessmen in the city and he has to follow some of the suggestions that are brought out," said Tamposi.

"I don't think Nashua has any direct control over its future," said Arel. "It can attempt to make itself as attractive as possible, but business will go where business is wanted. There has to be an attitude that pervades from the mayor on down that we will work with business. The mayor has to do some glad-handing.

"We need to offer some incentives, tax incentives, locally-based training programs, financing. We are not only competing with the rest of the state," said Arel.

This type of advice has not gone unheeded by Donchess and other key city planners.

Donchess has created an appointed Economic Development Steering Committee, set up to help chart a new direction for Nashua business. The group is awaiting the results and recommendations of the **Mt. Auburn** study before taking any action.

Beth Siegel of **Mt.Auburn** said she anticipates that the study will emphasize the need to increase the manufacturing base in Nashua and the need for a concerted marketing effort to bring "traded sector" businesses into the area.

Traded sector companies export goods out of the region, Siegel explained, thereby bringing new money into the area. It is the most desirable type of business for most cities, she said, because it doesn't just recirculate existing money in the same city.

"The study's formal recommendations are due out in May," said David Boesch, director of Nashua's community development department, "but it remains to be seen who will carry out those recommendations."

"There are some real lessons to be learned from the Textron days," said Siegel, "but in the '50s they weren't facing the competition that Nashua is facing today. There are companies in Nashua right now that are expanding, but they are expanding to Taiwan and Ireland. These countries have enormous incentives, and now Nashua has to find out what else it can compete on.

"Fortunately," said Siegel, "cheapness isn't always what brings a company to an area. Nashua has a good quality of life, a highly educated and technical work force, and those are things that companies can't find in Ireland."

Ironically, and perhaps prophetically, these are the same qualities that were featured in the highly successful marketing campaigns that brought Nashua back from the edge of financial disaster in 1948. Those who remember that scary time are urging today's leaders to use that same angle to its fullest, and to use it soon.

LOAD-DATE: July 25, 1996