

The Honorable Mayor Thomas M. Menino
Address to the Chief Executives' Club of Boston Luncheon
June 1, 2011
Prepared for Delivery

Thank you, Micho. Micho has helped to make Boston what it is today. She gives our city energy, new ideas, and a wealth of experience, and we are lucky to have her in Boston. I also want to thank Peter Rollins. Peter has made the Chief Executives' Club the most important stop for CEOs across the country, so thank you.

Peter always makes sure we finish on time, which is especially important today. I imagine a few of you are eager to hop a plane to Vancouver. Or at least to go put on your black and gold. It really is special to have the Bruins play for the Stanley Cup. We've been waiting a long time for them to return to the finals and even longer for them to take home the Cup. More than once in the past week, Bruins fans have been described as "long-suffering."

All that waiting gives some perspective when I say it's been just as long – 40 years – since Boston's population last reached 600,000. Not since 1970 had we reached that mark, until the Census announced our new numbers this spring. We are, again, more than 600,000 strong! In the past ten years, Boston's growth rate outpaced New York City, Chicago, Philadelphia, San Francisco, and almost every city in the Northeast.

What explains Boston's growth? Why now, after 40 years? In part, the growth is due to Boston's unique successes. Our school system is on the rise, making neighborhoods more attractive for families. The four-year graduation rate is the highest on record. The drop-out rate is down for the fourth year in a row to 5.7%. It's a far cry from the thirty-plus percent that dropped out in the seventies.

Boston is creating more jobs than almost any big city in the country. We were the third fastest city for job growth last year. And we continue to be regarded as one of the "three or four" hot cities for new development.

Our major sectors – healthcare, education, finance, tourism – are growing along with our innovation economy. Housing prices have remained relatively stable here, even as they've dipped in other strong cities, like Seattle, Minneapolis, or Atlanta. And, we've added housing at a faster clip here than at any time since 1960. More than 8% over the last 10 years. And we have 5,000 units in the pipeline.

That progress, along with our efforts to keep streets clean and safe, make our neighborhoods more livable than ever. In a treasured area, Dudley Square, we are investing city funds to build a new headquarters for the Boston Public Schools. And where we have primed other key sites for private development, interest is building. Dudley, in the next few years, will be transformed.

Our violent crime rate is down more than 20%. And while every death is one too many, our homicide rate is down 50% from last year. We've done all this – strengthened our neighborhoods, attracted new businesses, improved our schools – without mortgaging our future. Boston's credit rating is now AAA. And in the past year we have made extra payments into our pension fund at a time when other cities hatched schemes to take money out of theirs.

In Boston, we continue to form unique partnerships that drive our city forward. In the last two months, we forged agreements with our unions, to save more than \$70 million in health care costs. Other cities and states have seen battles, but no progress. In another landmark move, we crafted a compact with Charter schools to share data, strategies, and resources. At all public schools in the City – BPS and charter – kids from all backgrounds and abilities will succeed. It is the first such agreement in New England, and one of very few in the country.

In business lingo, we continue to “outperform our peers.” By almost every key benchmark – graduation rates, test scores, job creation, housing prices, credit ratings – we are strong and getting stronger in very tough times. This partly explains our growth.

Another key reason for Boston's growth is that cities are on the rise. For the first time in history more than half the world's population lives in cities. We see it in Boston as our population increases, and also as companies look to move back from out of state or just out of town. I take calls from CEO's who left town for cheaper pastures, but want to return because the human capital is here. They tell me, “we left, but now we can't hire the best people.” You see this in the headlines, with venture capital firms or life sciences firms exploring moves from Route 128 back to urban areas.

Why this reversal? Because companies now see the value of being close to each other. Today's buzzword is “proximity.” But there is real substance behind the trend. You may have seen the article in the *Boston Globe* a few weeks ago, or the study it described, that showed that scientists' research was more influential when they were closer together. It explained why Boston – because of its concentration of researchers and entrepreneurs – can produce inventions at the rate of cities “twice its size.”

Boston is growing, not just because we are doing so well in our neighborhoods and in our schools. But also because cities, and our city in particular, is a great place for collaboration. That's my message today.

Seeing this, hearing it first hand from the entrepreneurs and researchers in town, a year and a half ago I launched our Innovation District strategy. I said that we would turn 1,000 acres on the South Boston waterfront into a place that fostered these kinds of collaborations for startups and research-based companies. We would build an area that concentrated our already great assets – human capital, university connections, life science and technology leadership – in one place to drive innovation. We would focus on jobs and housing and social infrastructure to do this. And the Innovation District would be a key strategy for continuing Boston's growth and leading in the years ahead.

How's it been going? A week ago Monday, Vertex Pharmaceuticals received FDA approval for its new hepatitis treatment. It has the potential to generate revenues of more than one billion dollars. The FDA approval was a big deal for Vertex. Yet, they will tell you the strongest fist pumping, wasn't in their boardroom. It was the three million hepatitis patients in the U.S. that had the most cause for celebration.

Likewise, earlier this year, when Vertex announced their move to Boston's waterfront, there wasn't a lot of chest-bumping in City Hall. It was the 33,000 other workers already on our waterfront that celebrated most. More collaborators were coming their way.

And in a few weeks, when Vertex breaks ground on one million plus square feet; when they start moving in some of their 1,700 employees; when they create another 500 jobs, it will be the other 50 companies in life sciences, clean tech, social media, and mobile technologies that moved to the waterfront recently that will be celebrating alongside them. Because each of their successes is driven, in part, by the talent and the success around them.

And you don't have to take my word for it. To see that collaboration is thriving on Boston's waterfront, you just have to ask the companies that are moving down there.

Ask Tim Bernard Jones. Tim moved his company, Buzzient, to the Innovation District last year and into bigger space there this year. They develop technology that helps businesses connect social media to their traditional work. Tim posted to his blog about the Innovation District and said, "Geography is Destiny." With its proximity to the financial district, to South Station, to

customers, and to restaurants, the Innovation District is a “natural concentration point.” Tim said, “All roads converge here, so there is an opportunity to concentrate forces quite easily.” I couldn't agree more.

Or ask Vertex. They will tell you their move to Boston is motivated above all else by a need to get out of ten buildings and back to a comprehensive campus. To “get back to collaboration” as they say, where they can trade ideas with colleagues in the hallways.

Or ask Scott Eckert of Heartland Robotics, where they are developing the next generation of robots to increase manufacturing productivity. Or Diane Hessian of Communispace or Andrew Paradise of AisleBuyer. Several of them have joined me today. Ask Boston's chief collaborators what is happening there and they will tell you the same thing: They want their employees to be close to each other, they want to be close to other innovators, and just ten minutes from the airport – they want to be close to the world.

And if you really want to see something different happening here, go to one of the half a dozen companies in the Innovation District that incubate other companies:

MassChallenge, the world's largest start-up competition had a successful first year. Its finalists raised more than \$30 million in funding and hired more than 300 new employees. Applications were up 74% for the 2011 competition. The finalists come from five different countries and 34 states.

Fraunhofer, the German research institute, recently broke ground and will provide some of their 50,000 square feet to incubate clean tech companies. GreenTown Labs is in the district and offers shared work space for CleanTech start-ups. Drydock Labs is on the way, and offers similar arrangements for Life Sciences Companies.

And increasingly, companies that are located in the District are opening up their own space for others to use for starting-up or getting together. Bocoup moved into bigger space so they could host more partners. NPR Digital Services, which has just moved into the district, will make space available for new media entrepreneurs.

This kind of collaboration was unheard of decades ago. Competitors would hardly open their mouths to each other. Now, they are literally opening their doors.

Our job in government is to help foster and further these kinds of collaborations. Over the next year, you can expect we'll add to our activities.

We'll step up our efforts to green the district, which will lower the costs of doing business there and send a huge signal that Boston is home to cutting edge green companies.

As a start, we'll launch a "Solar Challenge" with a goal of generating a megawatt of solar powered electricity in the Innovation District in two years. That's enough energy to power 250 new units of housing. Solar energy costs have come down dramatically since we launched our Solar Boston program in 2008. Today, solar can reduce electricity costs by 25 to 50 percent.

The Innovation District is already home to SatCon, the largest solar inverter manufacturer in North America. It's also home to one of the largest rooftops in the region at the Bronstein Building.

I am also directing my energy team to explore a public-private partnership for providing municipal, commercial, and residential solar energy city wide.

And our solar efforts are just a start. I will also direct my team to complete an energy audit for our Marine Industrial Park in the Innovation District to identify additional opportunities to find energy savings in these buildings. These efforts won't just reduce costs and conserve energy, they will also make Boston a great customer for the products our companies invent.

We'll launch "Venture Boston", an effort to engage Venture Capital companies more explicitly in the Innovation District and to encourage them to have a more prominent presence in the area.

We'll open our own Innovation Center, a place to meet, to network and to have chance interactions. We know that million dollar VC deals, billion dollar development deals, and business hires routinely happen outside of the office in common spaces. We will be one of the first cities in the world to have a public innovation center – a place that fosters this type of collaboration.

In the Innovation District, we'll break ground on several new developments in the next year. At Seaport Square, a 6 million square foot project, architects have already been selected on parcels B and C. At 319 A Street, construction on new live/work spaces should begin in 2011.

On our waterfront, Boston is creating one of the great economic clusters in the country.

This kind of progress is happening across our city. Hayward Place will bring additional life to Downtown Crossing, which is already well on its way back. And two billion dollars of other projects are already under construction right now. More than 4,000,000 square feet of new space...until the Vertex work begins this month and makes that 5,000,000.

More buildings, more jobs, more residents, more people. And more people equals more talent and more collaborators. More people means more ideas.

Let me finish by pointing out this: It is 80 degrees outside and we're still playing hockey in Boston. This is a great thing. But when it is 80 degrees, that also means teens are in need of summer jobs. And right now, we are about 2,400 short of the 10,000 jobs we provided Boston students last summer. In the face of federal and state funding cuts, we need the private sector to step up more than ever. Even if you can only provide one or two jobs, please, take out your phones right now – I know some of you have been peeking at your email. Take out your phones and text “summerjobs” – all one word – to 69302. Or take the postcard at your seat, sign up for some jobs or a contribution, and send it back to me.

Boston’s education agenda is: The Kids Are Going to *Learn*. Today, my message on summer jobs is just as direct: The Kids Are Going to *Earn*.

You may have heard Bobby Orr on the radio the other day after the Bruins win. He said, “Is there any other city in the country that has this?” He was talking about our success in sports. But he might as well have been talking about our progress on so many fronts. Our neighborhoods, our economy, our collection of talent and energy, our potential to work together to accomplish great things. “Is there any other city in the country that has this?” Not by a long shot. I promise to keep working with you every day to keep us on top.

Thank you. Have a great afternoon.