

MANCHESTER ON THE MOVE

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Soaring beyond us?

In the early '90s, Manchester, N.H., was an aging mill town in crisis. It since has pulled off major civic successes that've eluded Portland.

By **MATT WICKENHEISER**
and **ELBERT AULL**

Staff writers

MANCHESTER, NH — Elm Street's broad sidewalks afford plenty of space for the crowds who enjoy alfresco lunches and shop here.

Elm is the main artery in downtown Manchester, a spot that pulses with the energy of free concerts in the shadow of City Hall, people talking on street corners and pedestrians strolling amid new sidewalks, streetlights and wrought-iron arches. Redeveloped historic buildings dot the streetscape; scaffolding stands on other buildings, as they undergo their own architectural face-lifts.

"Ten years ago (Manchester) was a city that in many ways had given up on itself," said three-term Mayor Robert Baines. "Now, it's a

city that's got great confidence and is looking forward - and that comes from someone who's lived in the city all his life."

Manchester is an ascendant New England city that has successfully shed its longtime moniker, "struggling mill town." In many ways, Manchester has become the hot city of northern New England, as it has succeeded in pursuing signature projects - such as a new downtown arena and a fast-growing regional airport - that have eluded Portland, Maine.

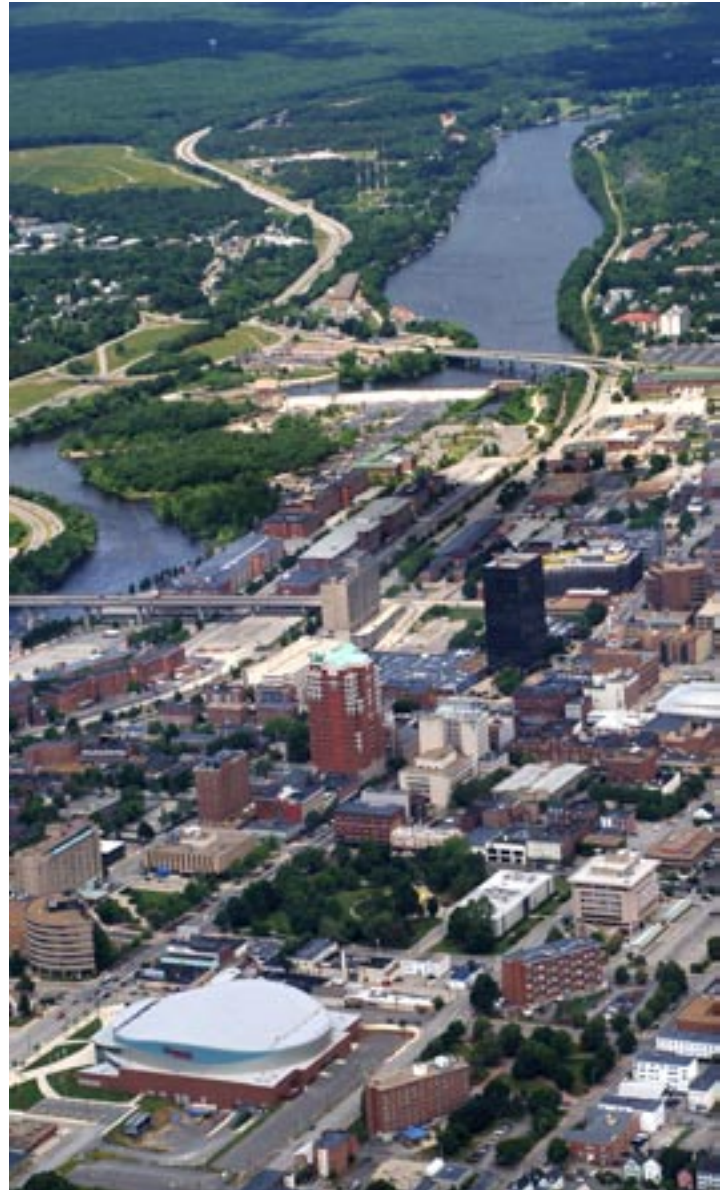
Manchester's success has been fueled by an influx of young professionals, a desperate need to rise from economic ruins and the political will to take big bets on showpiece economic-development projects. The results are apparent.

At one end of Manchester's downtown is the \$70 million Verizon Wireless Arena, which opened in 2001 and is home to minor league hockey, arena football and concerts. The arena anchors the downtown, drawing people from around New England - who incidentally drop into local restaurants, night clubs, shops and other businesses. The downtown is packed with such enterprises, with more opening all the time.

New restaurants mean more customers for Henry Ahern, who sells venison at a weekly farmer's market downtown. Ahern, who owns a deer farm in Plymouth, N.H., said he sells meat to an expanding base of restaurants, as well as businessmen on their way home from work.

A short walk away from the market, customers puff on cigars and watch sports on a flat-screen television at Castro's Back Room, which opened on Elm Street about eight months ago. The cigar parlor has three locations in New Hampshire, and owner Eric Kilbane said landing a spot in downtown Manchester had been a goal for some time.

"I thought it was the fastest-growing place in the state," Kilbane said.



Staff photos by Fred J. Field

The Verizon Wireless Arena near the heart of downtown Manchester, N.H., is one of the city's key economic engines. The Merrimack River runs through the former mill town.

HOW THEY COMPARE PORTLAND

- Size: 21.2 square miles
- Population: 63,905 (est. 2004)
- City per capita personal income (2003): \$32,952
- County median household income (2002): \$45,122
- Percent of county living in poverty: 8.0 percent
- Area unemployment: 3.6 percent in May 2005
- City crime: 242 violent crimes; 3.8 per 1,000 people (2003)

MANCHESTER, N.H.

- Size: 33.0 square miles
- Population: 109,310 (est. 2004)
- City per capita personal income (2003): \$36,858
- County median house income: \$55,755 (2000)
- Percent of county living in poverty (2002): 5.8 percent
- Area unemployment: 3.4 percent in May 2005
- City crime: 301 violent crimes; 2.7 per 1,000 people (2003)

Source: Bureau of Economic Analysis; FBI; U.S. Census Bureau

- Contributed by staff researcher Beth Murphy

The Manchester Airport a few miles to the south, on the Manchester-Londonderry line, is another keystone project. More than \$500 million has been invested in airport infrastructure over the last decade through federal grants, airport revenues and airport revenue bonds.

The airport's first new terminal in almost 30 years opened in 1994. The airport surpassed 1 million passengers for the first time in

1997. It passed 4 million seven years later in 2004 and is on track to hit 4.5 million this year, drawing passengers from around New England - including Maine.

NEW BALLPARK

This year also marks the first season that the Fisher Cats, a minor-league baseball team, are playing in Manchester's newly opened \$19 million Fisher Cats Ballpark, set on the Merrimack.

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Kim and Ray Rouleau stand on Elm Street in Manchester, with the towered city hall behind them. Ray Rouleau is a native of Manchester and is one of many residents who work in Boston. Staff photos by Fred J. Field

The 26-acre riverfront project redevelops land that was blighted for decades. It boasts an additional \$45 million in private development, including a Hilton Garden Inn now being built adjacent to the ballpark, a restaurant and a 177-condo development that consists of 132 units in two towers and 45 townhouses.

Other such projects are scattered throughout the city - a \$40 million residential development under way in an old downtown building here, the potential redevelopment of a red-brick mill building into a hotel there.

Meanwhile, 100 miles to the northeast, Portland remains a regional jewel, with a strong local economy and vibrant tourist attractions such as the Old Port and waterfront vistas.

But it's also struggled to produce any true signature developments in recent years. Some projects have moved in fits and starts, others remain in the pipeline or have been abandoned.

"I think we have some projects on the drawing boards that could become part of our signature, but not really the icon project," said W. Godfrey Wood, chief executive officer of the Portland Regional Chamber.

A long-planned cruise-ship terminal, the \$20 million Ocean Gateway project, is slowly moving forward. Redevelopment of the Bayside neighborhood is also pending, with recent state legislation that should clear the way for an expected \$100 million in development. And earlier this month, the city gave permission to Mercy Hospital to relocate from the downtown to the

banks of the Fore River in a \$70.7 million project set to be completed by early 2008.

But also this year, an ambitious project, the \$250 million Lincoln Center office-hotel-arena complex, reminiscent of Manchester's Verizon arena but grander, was abandoned after the Maine Legislature chose not to support public financing for convention and civic centers this session. The project also lacked broad political support, at both the state and local levels. Lincoln Center would have included a 10,000-seat arena, a 141,000-square-foot convention center, a 250-room hotel, a 1,700-space parking garage and a 17-story office building.

'MISSED OPPORTUNITY'

Either meals-and-lodging or local-option taxes would have helped fund the project, in a similar fashion to an increase in New Hampshire's rooms and meals tax that went toward Manchester's Verizon Wireless Arena.

"I think we missed a tremendous opportunity here," said Wood. "You had a visionary developer who put a substantial amount of his own money into trying to make this happen, a number of corporations willing to pay above-market rents to make this happen.

"I think the project we didn't get done here could have been the project that really transformed the region and really put the state on a different map."

Why has Manchester been able to forge ahead, rapid fire, with several signature projects in the last decade?

The answer, in part, lies in its history. By most accounts, Manchester had become a shell of its former self by the early 1990s.

At the turn of the 20th century, the city was cotton-textile capital of the world, and Amoskeag Manufacturing Co. employed 17,000 people on the banks of the Merrimack.

The city survived the failure of that company during the Great Depression and rebuilt itself with a diversified manufacturing mix.

The downtown bustled as a retail center until the 1970s when suburban malls opened, attracting shoppers away from in-city merchants. Then Manchester's place as the financial capital of New Hampshire was hit hard by both the pre-recession and recession of the early 1990s.

In 1991, the banks collapsed, said Baines, and Manchester lost 25 percent of its tax base.

"It's no secret that Manchester has had enormous struggles. The pre-recession and recession hit Manchester very hard; it was not able to keep pace with contemporary trends, it couldn't carve a niche," said Robin Comstock, president of the Greater Manchester Chamber of Commerce.

"When the last remnants of mills closed and the mall went in, Manchester sort of became depressed," Comstock said. "So many aspects of urban development were ignored or neglected that Manchester just crumbled."

During this same period, Portland arguably served as the brightest light among northern New England cities - with its thriving Old Port shopping district and healthy rebound from the early 1990s recession.

Manchester's municipal and business leaders recognized something drastic had to be done, said Comstock.

"There was almost a spiral cohesion of many voices - respected voices - that started to ask questions and put new demands on the community," said Comstock. "With that the political will shifted, and resources shifted."

One of those voices was that of Tom Schwiager, Comstock's predecessor at the chamber and now the executive director of Amoskeag Industries, a small for-profit corporation that helps the city invest in economic development projects.

"Manchester was a community, a city, that was having a long adolescence in growing from being an



Manchester Mayor Robert Baines, at the city's new minor-league baseball park. In the background, just outside the ballpark, a new Hilton Garden Inn is taking shape.

old mill town to a vibrant mill city," he said.

AIRPORT'S 10-YEAR PLAN

In the mid-1980s, Manchester Airport began working on a 10-year plan, and some business and community leaders saw opportunity. The airport could become a regional facility, they argued, drawing passengers from around New England - particularly from Boston's Logan Airport.

Chamber officials and others pushed for a new \$60 million terminal. Schwiager remembers speaking at public hearings where opponents to spending the money outnumbered supporters 300 to 10.

But proponents of growth prevailed. The terminal opened in 1994, under budget and on time.

"It was an economic stimulus for the entire state, and it also began to change the attitude of the community," said Schwiager. "There were more people who began to see the community as a vibrant city, not just an old mill town."

After the airport project, city leaders turned their attention to an idea that had been floated several times since the 1960s - a civic arena.

The arena concept had been discarded before, said Schwiager, but success breeds success. The

MANCHESTER ON THE MOVE

Maine Sunday Telegram / Sunday, July 10, 2005

fact that the airport did so well led many to believe an arena was plausible.

A referendum on the issue showed a slight margin of support, and a final alderman's vote in 2001 put the arena on track.

Likewise, the fact that the arena has provided such economic stimulus makes other projects easier, said Schwieger.

"All these types of things have built a momentum - now here comes the ballpark and other things on the horizon," said Schwieger.

During Baines' second inauguration, held inside the Verizon arena, the former high school principal suggested that if the city could spend money for concert-goers and athletes, it also should spend money on the schools.

The result was a \$107 million bond package that renovated every one of the city's schools. Baines said it was much needed. In some schools in 1999, Richard Nixon was still president, according to some textbooks. Students would wear hats and mittens inside classrooms during January and February, because the heating systems didn't work, he said.

PROPERTY TAXES RISE

There is, of course, opposition to the city's spending: Baines' opponent in the coming mayoral election is running on a campaign challenging high taxes. Property taxes have gone up.

The ongoing development also has driven up the cost of living in Manchester. That's good for business owners like Connie Farr, who wants to sell the Elm Street restaurant she has co-owned with sister Maria Saitas for 25 years, but bad for potential home buyers and renters who have watched prices soar.

"Manchester used to be a cheap place to live," said Jeff Kassel of Manchester, one of two organizers of a petition drive to tie local spending to the rate of inflation.

Kassel, who opposed the arena project, said city officials also made a big mistake when they allowed the minor-league baseball stadium to be built on prime real estate overlooking the Merrimack River.

When new businesses moved in and gentrified the downtown area, blue-collar residents' property assessments soared, he said.

"My property tax bill used to be \$730 a year," Kassel said. "Now it's \$5,000 a year."

Cheryl Caron, 40, of Manchester misses the days when rents were low. Caron said the price of even modest homes has increased by at least \$100,000 since the 1990s.

"But, people are buying them," she added. Overall, she supports the city's recent growth.

The fact that the elected mayor of Manchester runs the city has been a factor in the city's development, Baines said. The mayor gets elected on a vision, with a mandate from the voters. If voters like the pro-development stance, re-election follows.

Many Manchester voters, in these days of economic and civic development, are young people, some with families, who want strong schools



Large new homes are under construction near Manchester Airport. The city's rebirth is attracting new residents, many fleeing high taxes in Massachusetts.

and an active community scene - complete with concerts, ballgames and other amenities.

"Most economic development professionals will say to you that the new stadium is not an economic development tool - it won't create jobs," said Dennis Delay, an economist at Work Force Opportunity Council Inc., which administers New Hampshire's federal job-training funds.

"But what it does do, especially in the case of Manchester and maybe some smaller towns, is it demonstrates a commitment by the city government to try to revitalize the area," he said. "That does have, in some sense, a snowball and quality-of-life effect on the rest of the area."

And that helps attract new residents who see the area as moving in the right direction.

FLEEING MASSACHUSETTS

Some new residents are drawn from Massachusetts, fleeing high property costs. They keep their jobs in Massachusetts, though, and commute to good-paying jobs either in Boston (about a hour's drive away) or one of the industry-dense communities along the way.

"We have benefited tremendously from the old technology beltway around Boston," said Schwieger.

Manchester has its own economic base, as well. The old Amoskeag mills are full of businesses, from high-tech companies like Texas Instruments to law firms and college classrooms. The access to the Merrimack is particularly attractive, with a white-water kayak course right off a central courtyard in the

enter the Verizon arena to see the 3 Doors Down concert.

Parent said she would consider moving to Manchester after she finishes school. Ann McColgan already made that move - though in her case, it's a move back.

McColgan said she "felt like a hayseed" when she moved to Boston from Manchester in 1990.

"I felt devoid of culture," said McColgan, 40.

Back then, Manchester lacked the ethnic diversity that gentrification has since brought to the city, she said, ticking off a list of ethnic restaurants that have opened downtown.

McColgan said the city became more diverse and sprouted better arts and entertainment scenes in her absence.

Manchester's ambition doesn't seem to be peaking. Baines has floated the idea of a performing arts center as the next big thing. The city has asked developers to come up with proposals for a vacant lot on the edge of Elm Street. Officials are trying to interest hotel developers in the old Pandora Sweater building, a beautiful mill building that's seen better times.

"I think Manchester's got a formula that has been fairly successful," said Delay. "Whether it can continue or not remains to be seen. You just have to have faith that intelligent people will continue to make smart decisions and development will continue."

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midst of the mills.

To help encourage further private development, Baines' administration worked to reduce the red tape developers have to go through.

These new residents, in many cases, have the money to spend in restaurants and at concerts and also demand those amenities.

The influx of young professionals is perhaps most apparent after dark, when groups of 20-some things sit in white plastic chairs and drink outside bars with names like Topsy McStaggers and the Stage Door Cafe.

HIP TO YOUNG PEOPLE

The sight makes the city look hip to teenagers who come to Manchester from neighboring communities for entertainment.

"Walking down Elm Street is always a lot of fun," said Jackie Parent, 15, of nearby Goffstown, as she and a group of friends waited to

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Location, low fares attract passengers to Manchester Airport

A Southwest jet heads for a landing at Manchester Airport. The low-cost airline helps attract passengers to the airport, which handles more than three times as many passengers as Portland International Jetport.



The investment of \$500 million over 10 years helps to turn the facility into a regional aviation powerhouse.

By MATT WICKENHEISER
Staff Writer

Manchester Airport, like the city itself, has exploded onto the regional scene in the last decade.

The tale is apparent through the numbers:

In 1997, the airport surpassed 1 million passengers. Two years later it passed 2 million. It hit 3 million in 2000, and passed 4 million last year.

A 2002 economic-impact study found the airport contributed more than \$715 million to the local economy annually; it's projected to contribute more than \$1.5 billion annually by 2015.

More than \$500 million has been invested in the facility over the last 10 years.

Not bad for a 78-year-old airport that had only two to three flights a day as recently as the mid-1980s and passengers had to walk onto the tarmac to get to their planes.

The success of Manchester's airport comes down to investment in infrastructure, a marquee, low-cost airline that drives down ticket prices and attracts travelers and, perhaps most important, a super-dense resident and business population to tap into.

"It's not only financial strategy and planning, but location, location, location," said Kevin A. Dillon, airport director. "There's a huge mar-

ket that sits between us and Logan (Airport in Boston), and people want the convenience of what they consider a small hometown airport. There's a convenience factor from here to the Boston business centers that naturally doesn't exist for Portland."

In comparison, Portland International Jetport has also invested in infrastructure in recent years, putting \$94 million into parking, runway, baggage and other areas. The jetport is still too small for the number of travelers it serves, said Jeff Schultes, airport manager. It is studying expansion plans.

The jetport hit a new record for passengers last year, with 1.36 million total passengers - though that's less than third of Manchester's traffic. But Portland is growing too, with passenger volumes up 20 percent year-over-year, said Schultes.

However, it will never be the aviation powerhouse that Manchester is, he said, because of the difference in population densities around the two airports.

While the airports are in different if overlapping markets, Manchester does draw passengers from Maine - roughly 400,000 in 2004, according to numbers from Manchester. If half of those travelers had opted to fly from Portland,

the jetport would have seen 15 percent more passengers.

'THE VISION THING'

When people talk about the Manchester airport's explosive growth, they always come back to "the vision thing."

Manchester Airport was even smaller than the Portland jetport in the 1980s, but political and business leaders saw an opportunity - in fact, a need - to turn the sleepy New Hampshire airport into a regional one, drawing passengers from all around New England, said Tom Schwieger, former head of the Greater Manchester Chamber of Commerce.

"There was a realization in the early '90s that the city of Manchester needed to get a kick-start from a facility such as the airport," Dillon said.

There was strong opposition to expanding the airport, Schwieger said. People didn't want to see change, but support for the project eventually grew.

"I have to give tremendous credit to the political leaders here in Manchester, not only the ones in place in the early '90s, but today," Dillon said. "They're very savvy in terms of understanding the economics of the airport and what it means. They've supported the investment. People understand the economics of this.

"I can't tell you what the political climate is in Portland, but that's a key - to have the political support."

A new \$60 million terminal built in 1994 increased traffic to Manchester, and low-cost carrier Southwest Airlines began service there in 1998.

Southwest's fares forced other airlines to reduce their prices out of Manchester, and the race was on. Consumers responded to the low prices and liked the ease of using the airport. Then Manchester made even more investments, from terminal expansions to parking garages to runway improvements.

Passengers from all over northern New England fly out of Manchester. Dillon said 20 percent of the passengers come from Massachusetts, 10 percent from Maine, 3 percent from Vermont, 37 percent from New Hampshire and the remaining 30 percent from outside the region.

Manchester Airport has concentrated on keeping prices low,

particularly compared to Boston's Logan Airport, he said. For example, it costs \$8 a day to park at Manchester, \$22 at Logan.

The airport seeks to draw passengers from northern Massachusetts, in particular, who don't want to deal with the hassle of driving into Boston. The airport sits off two north-south highways - Interstate 93 and Route 3 - that provide easy access.

Now that Manchester's regional reputation is established, the airport is looking nationwide.

TEAMWORK APPROACH

Manchester is teaming with T.F. Green Airport in Rhode Island, which positions itself as an alternative to Logan to the south of Boston. The two airports are marketing themselves to companies, travel agencies and others in other U.S. regions. Dillon said they want to let people know that the airports are close to Boston, and it might be easier to fly into Manchester or Providence.

Manchester's success hasn't necessarily been at the cost of Portland, said Schultes. There have always been Maine travelers who fly in and out of Boston rather than Portland. He believes Manchester has tapped into that population.

The jetport's passenger growth in the past few years comes down to an improved economy and the fact that Portland finally got a low-cost carrier last year, Independence Air.

"I think some of the dynamics that exist here at Manchester are starting to emerge at Portland, in terms of their ability to have low fares at the airport," Dillon said. "That's the No. 1 thing a consumer will look at."

Schultes said the jetport has a clear goal: to be a small, efficient, convenient airport and "the right size for this region."

"We know it's never going to be a Logan or a Manchester - we serve two totally different markets," said Schultes. "It's not competition; it's giving very good choices for our customers. Where else can you live when you have, in a short distance, a choice of three different airports?"

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MANCHESTER ON THE MOVE

Maine Sunday Telegram / Sunday, July 10, 2005

Arena touches off downtown 'renaissance'

A surge in business growth has changed the image of Manchester's city core from rotting to roaring.

By ELBERT AULL
Staff Writer

MANCHESTER, N.H. — Julie Thompson waited for her boyfriend, as crowds at Elm and Merrimack streets waited for police to stop traffic to let them through. The opening acts were already playing at the 3 Doors Down concert at the Verizon Wireless Arena, but nearby pizza joints, bars and restaurants were still buzzing with crowds of alternative-rock fans grabbing last-minute meals before the show.

Thompson, who drove more than three hours from Vermont on June 30 to see the band, had just finished eating at a packed restaurant nearby. She said she spent \$80 on dinner for four, the first part of a nightlong celebration for her 12-year-old daughter, Jenna Campbell, who recently completed the sixth grade.

Local business owners say thousands of visitors like Thompson, who take their friends and family to Manchester for rock concerts and sporting events, are driving a rebirth of the city's downtown area that some are calling a "renaissance."

Proponents of a new arena for northern New England's other chief city - Portland - have argued that a new venue would help the community prosper. But they've twice failed in their efforts to build a new complex.

During that same period, Manchester has acted. Residents and business owners say the construction of a \$70 million arena in 2001 - the first building of its kind in town - touched off a surge in business growth that has changed the image of the city's core from rotting to roaring in just a few years.

"This place used to be a ghost town," said Connie Farr, who co-owns a restaurant on Elm Street that is within walking distance of the arena. "We used to lose everybody to Boston."

Farr and her sister, Maria Saitas, have run The Merrimack Restaurant for 25 years. They said before the arena opened, downtown Manchester closed for business at 5 p.m.

Now, the sisters' restaurant triples its revenue on event days, even though more than a dozen competing eateries have opened downtown in the past four years.

Farr's comments are being echoed by downtown business owners and Manchester natives who said the arena project made New Hampshire's largest city more upscale.

The 11,770-capacity arena, approved by city officials in 2000 and completed in November 2001, is host to approximately 180 events a year. It is home to minor-league hockey and arena football teams, the Monarchs and the Wolves, respectively.

It has posted 88 sellouts, logged 2.6 million visitors and is fashioned after larger "A-Market" venues, said Jason Perry, director of sales and marketing at the arena.

While smaller than its big-city counterparts, the arena has many big-venue amenities, such as hydraulic seating lifts that create more floor space and a ceiling grid that can hold the most elaborate lighting setups, Perry said.

"(The arena) is designed to hold shows that will play an 18,000-seat venue," he said.

The project was financed by meals and room taxes and a consortium of five banks. Officials said the arena's management company, SMG, is on pace to pay off the 15-year bond that created the building in half that time.

Portland, meanwhile, rejected a 1999 proposal from the Libra Foundation to build an arena in Bayside because it would have required public financing. In June, developer Joseph Boulos scuttled plans for a \$250 million arena, office and hotel complex near City Hall - a portion of the project would have been built on land owned by the Portland Press Herald/Maine Sunday Telegram - after the Maine Legislature did not enact legislation allowing public financing for convention and civic centers.

Portland's existing entertainment venue, the 8,226-capacity Cumberland County Civic Center, continues to be home to the minor-league Pirates hockey team and attract some concerts. Many bands, such as 3 Doors Down, stop in both Portland and Manchester on tour.

Seating capacity, however, keeps some larger acts out of Maine be-



Jason Bornhorst of Boston traveled to Manchester, N.H., on June 30 for the 3 Doors Down concert at the Verizon Wireless Arena. The arena draws about 20 percent of its business from the Boston area. It also has been a catalyst for development.

Staff photos by Fred J. Field

cause bands adjust ticket prices based on the number of seats in the venue, said Perry, the Manchester marketing director.

Acts that have expensive stage setups and legions of followers might skip Portland because the civic center doesn't have the seating capacity to allow the band to make a profit without out-pricing die-hard fans.

The Eagles played Manchester in July 2003, but headed south to New York afterward instead of performing in Portland.

"Our top (ticket) price was \$175. In Cumberland County, the top price might have been \$220," Perry said.

Although the arena is host to some concerts that do not go to Portland, statistics show the Verizon facility is not stealing significant entertainment dollars directly from Maine. Perry said Mainers account for a small fraction, between 3 percent and 4 percent, of the arena's yearly ticket sales.

Residents of Hillsborough County, where Manchester is located, account for nearly 60 percent of the arena's business, while another 20 percent come from the Boston area, he said.

The facility is keeping the nearly 400,000 who live within a 20-mile radius of the city from taking their business elsewhere, officials said.

"We've returned business here that was going to Boston," said Elias "Skip" Ashooh, chairman of the Manchester Development Corp.

Ashooh said planners in Manchester had long believed their area could support a top-shelf entertainment venue. Success of the Verizon arena has spurred more than \$80 million in residential and business investment in the surrounding area and helped convince a minor-league baseball team it could thrive in Manchester, he said.

The new AA team, the Fisher Cats, has spawned additional development near its stadium overlooking the Merrimack River, he said. A hotel and restaurant are in development adjacent to the stadium, while luxury condos are being planned a short distance away.

Ashooh attributes the success to planning. Developers, he said, decided not to build a new parking lot near the arena - forcing visitors to park blocks away and walk past downtown businesses on their way to the venue.

The idea worked, said Eric Kilbane, who owns Castro's Back Room cigar shop on Elm Street, where customers lounge in old barber's chairs and watch a flat-screen television while they puff on cigars.

"It brings people through for the first time," said Kilbane. "Sometimes they come back and become regular customers."

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