

**MEETING MINUTES**  
**PORTSMOUTH ECONOMIC DEVELOPMENT COMMISSION**

December 3, 2004

Conference Room A

7:30 a.m.

Members Present: Dana Levenson, Chairman; Paul Harvey Sr., William Gladhill, John Hynes, Scott Pafford, Edward Hayes, John P. Bohenko; City Manager  
Absent: Cliff Taylor (excused), Mark Simpson (excused), Everett Eaton (excused)  
Staff present: Nancy Carmer, Economic Development Program Manager

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**New Member Introduction**

Chairman Levenson introduced and welcomed Robin McIntosh, the newest Economic Development Commissioner to be appointed by the Mayor to fill the vacancy left by Steve Alie. Ms. McIntosh works in marketing and public affairs for Portsmouth Regional Hospital. She has been active in the Citywide Neighborhood Association, serves as co-chair of the Atlantic Heights Neighborhood Association and is Secretary of the Tenants Association at Pease and is a recent graduate and now a Board member of Leadership Seacoast.

**Minutes**

Commissioner Harvey moved and Commissioner Pafford seconded the motion to approve the meeting minutes of November 5, 2004. The motion passed unanimously.

**Update on Pease Tradeport Activity**

PDA Executive Director George Bald attended the meeting to provide an update on Pease Tradeport. Although there are four areas that make up the Tradeport functions (Golf Course, Airport, "Land side" and Port of NH), Mr. Bald concentrated his discussion on activities at the port, land and airport. There are currently 5,005 employees working at the Tradeport. Mr. Bald and his staff continue to concentrate their efforts on meeting the needs of businesses relocating or expanding at Pease.

The Port staff is working to bring container cargo to Portsmouth in addition to bulk cargo. This is a complex issue complicated by shipping costs, logistics and international demands. Although the port has weathered administrative difficulties in the past, it is self-sufficient and returns \$100,000 to the state annually. Mr. Bohenko noted that a part of these funds go into a capital fund for infrastructure improvements (such as pier repairs etc.) at the port terminal.

On the land side, PDA staff continues to work with companies that are constructing buildings such as the former Air Force officer housing and to fill vacancies at existing buildings. Lonza Biologics will soon complete its expansion, which will bring the company's investment at Pease to \$300 million. The new retail center at Manchester Square is almost completely leased and has been well-received by tenants.

The airport sector of the Tradeport has not realized the same success as the land and port facilities. This is due in part to the post-September 11 downturn in the aviation industry, and also to the challenges presented by the competitive market that exists with three other airports within 50 miles of Pease. To complicate matters, recent litigation between Pan Am Airlines and the pilot's union has resulted in a much reduced flight schedule from Pease. On a positive note the charter business at the airport has been steady as has the airplane maintenance business of Port City Air and Pan Am. PDA staff continues to seek the appropriate niche for the airport and to meet with potential carriers.

In response to questions about the impact of the Pease workforce on the General Sullivan Bridge traffic, Mr. Bald quoted a report that concluded that only 20% of the bridge traffic is attributable to Pease workers. He stated that NH Department of Transportation Commissioner Carol Murray is aware of the traffic problems created by the bridge and recently, with the help of Senator Gregg, received notice that federal dollars have been allocated to the project. Nonetheless, the ability to accelerate the project will be determined in large part by the environmental impact studies required and the public process involved in redesigning the bridge traffic flow. Chairman Levenson offered whatever assistance the EDC could provide in advancing a resolution to this traffic problem.

Lastly, Mr. Bald said that contrary to what most people think, there are only 65 acres of developable land left on the land side of the Tradeport and 100 acres on the airport.

### **Report on Third Quarter Industrial Market Trends – David Choate, Grubb & Ellis, Coldstream RE Advisors**

Mr. Choate distributed copies of the third quarter report on Industrial Market Trends statewide by Grubb & Ellis. The report analyzes the six NH submarkets for industrial space over 10,000 square feet. New Hampshire's overall vacancy is 10.1% which is 1% above the national average. By comparison, Massachusetts is currently 4% below the national average. Portsmouth's vacancy rate was 17.1% at the end of the third quarter. However, this figure is skewed by approximately 1 million square feet that is available in just four large buildings in the Portsmouth submarket: Celestica (220k Sq. ft.), Flextronics (300k sq. ft), Tyco (270K sq. ft), and Poland Springs (150K sq. ft. in Seabrook).

Because there is virtually no new industrial space being constructed, there is positive absorption with 92,000 sq. ft. being absorbed in the third quarter in Portsmouth. The greatest demand is for smaller size spaces below 30,000 square feet. Asking rents are roughly \$5.38 NNN. Portsmouth is not the most affordable, but the demand is there if smaller facilities are available. The trend is for warehousing and distribution demand. If Portsmouth were able to expand its inventory of smaller facilities such as the type contemplated for the Stokel/Griffin property, it would be easily consumed. Land costs are a factor though. Mr. Choate gave the example of the price for land in Dover's Enterprise Park at \$20,000 with services compared to Portsmouth's land costs of \$200,000 acre.

Chairman Levenson thanked Mr. Choate for the valuable overview of the industrial market.

### **Old Business**

#### *Sheraton Hotel & Conference Center Expansion Subcommittee Update – City Council Work Session*

City Manager Bohenko said that the draft Memorandum of Understanding was approved the City Council on November 22, 2004. Members of the EDC Sheraton Expansion subcommittee attended and many members of the public spoke in favor of the project during the public comment period. The next step is to begin meeting with the developer to establish a critical path for land use board review followed by construction.

#### *Graffiti Subcommittee Update*

Ms. Carmer reported that the EDC Graffiti Subcommittee has met regularly since the last EDC meeting. The committee will meet with Dick Ingram of the Greater Portsmouth Chamber next week to discuss establishing a public education effort and a pilot graffiti removal project involving the Chamber and a local graffiti removal company. The Subcommittee plans to bring a final report and recommendation to the EDC in February or March 2005.

*City Council Referral: Parking Impact Fee Subcommittee Update*

At the November 22, 2004 meeting, the City Council accepted the EDC recommendation on parking impact fees and voted to authorize the City Manager to bring it for first reading to incorporate the change into the zoning ordinance. Three readings of the City Council are required to change the zoning ordinance. The second reading is a public hearing and will take place on December 20<sup>th</sup>. Members of the EDC subcommittee will attend and other members of the EDC are encouraged to attend as well.

**New Business**

*2005 EDC Meeting Calendar*

Ms. Carmer distributed copies of the 2005 EDC Meeting Calendar as well as an updated EDC roster.

*Nominating Committee*

EDC Bylaws state that in January, the chairman and vice chairman positions of the EDC are elected. Commissioners Hayes, Harvey and Pafford agreed to serve on a nominations committee and to bring forward names to the next meeting for a vote.

*2005 EDC Action Plan*

In that it is time to establish new action plan items for 2005, Commissioners were encouraged to contact Ms. Carmer with thoughts on additions to the plan.

**Public Comment**

David Choate noted that the “convention space” quoted for the Sheraton expansion was 11,000 square feet and noted that was not a particularly large amount of space. Chairman Levenson noted that this was only the size of the ballroom and that other breakout space is contemplated in the proposal. Mr. Bohenko stated that the proposed facility will accommodate banquets of up to 900 people and will bring new market share to the area.

**Next Meeting**

The next meeting is scheduled for January 7, 2005.

With no further business, Commissioner Hynes moved to adjourn the meeting at 9:00 AM. Seconded by Commissioner Harvey. Vote to adjourn is unanimous.

Respectfully submitted,  
Nancy M. Carmer  
Community Development Program Manager