

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

May 25, 2011

Conference Room A City Hall

7:30 a.m.

Members Present: Lisa DeStefano, Vice-Chairman; Ron Zolla, Robert Marchewka, Tim Allison, Eric Gregg, Philip Cohen, Christine Dwyer, Josh Cyr

Excused: Everett Eaton, Chairman; Dana Levenson, Nancy Novelline Clayburgh,

Vice-Chairman DeStefano opened the meeting at 7:38 am and stated that the purpose of the meeting is to discuss the proposed betterment district at Commerce Way.

**Discussion of the Proposed Betterment District at Commerce Way**

City Manager Bohenko provided a brief background on the betterment assessment concept for Commerce Way. He said that the city has been in discussion with owners of Commerce Way regarding a betterment assessment for the past 18 months. The proposal is to use the betterment district process allowed by State statutes to make improvements to privately-owned Commerce Way and bring it to city street standards so that it can become a city street Office. The betterment assessment tool allows the city to issue general obligation bonds to pay for the improvements. The City participates in the design and construction oversight to assure that public street standards are met. The cost of the bonds is repaid by assessments on the abutting property owners so there is no cost to the taxpayer for road reconstruction. When the road improvements are complete, the street is turned over to, and maintained by the city. Security for the repayment is liens against the abutting properties.

The betterment assessment process was further described by Commerce Way attorney Malcolm McNeill. He used visual materials to orient the EDC to the location of the 2,500 linear feet of improvements proposed for the street. He added that the improvements are part of a plan to significantly upgrade the Commerce Way Office Park to a Class "A" commercial office park that when complete, will be competitive with Pease Tradeport. He proffered that the street will exceed city standards in that it will have underground utilities, upgraded sidewalks and curbs, landscaped medians, a bike lane, a state of the art storm water drainage system and 1,300 linear feet of buried ductile water service. As stated previously, there is no cost to the local taxpayer and the bond payments are secured by property liens which have the same priority as tax liens. Mr. McNeill said that an added benefit is that the plan is consistent with the Market Street Gateway Improvement Plan.

According to Attorney McNeill, street upgrades were referenced in 2009 approvals for a new office building at 230 Commerce Way. The approval recommended street upgrades and eventually public ownership. The previous investors were not interested in upgrading the road. Now the Kane Company has 100% ownership of the facility and has new investors that are committed to an adaptive re-use concept for the office park including the street upgrade. On the positive side, the betterment district is a defined process that has a track record in NH communities and will ultimately result in higher property tax revenues and a new city street built above local road standards and with the city's construction oversight paid for privately.

If the City Council approves the concept, Attorney McNeill said that the developer is prepared to comply with the following suggestions from City staff:

- Updated construction cost estimates including construction oversight.
- Bond repayments will be billed by city and paid twice a year.
- Compliance with the statutory bond repayment term of 10 years versus the initially proposed 20 years.
- Willingness to enter into a Development Agreement with the City.

In discussion of the concept, Commissioner Zolla asked for clarification of all indirect costs associated with the proposal. City Manager Bohenko responded that all costs would be rolled into the bond with the exception of ancillary administrative costs associated with the bond such as work by finance and legal staff. With regard to maintenance, he said that since opening 7-8 years ago, the road has been used by the public without any cost to the

city. The city would add the plowing and sweeping costs to the budget after completion. Mr. Zolla pointed out that these costs would probably be offset by an increase in future tax revenues from the upgraded office park. In his opinion the betterment district is a very good example of the city and private developer working together and “thinking out of the box.”

City Councilor Dwyer noted that Portsmouth Blvd. is a good example of the type of city street that Commerce Way could become through the betterment district process. She asked if the wetland and lighting issues that were identified by the Planning Board have been resolved. Greg Mikolaites, the developers engineering consultant, responded that they were resolved. He added that the design has also received the approval of the City’s Trees and Greenery Committee. City Councilor Dwyer stated that perhaps the city should consider extending the Gateway Zoning District recently approved for Lafayette Rd. to this area as a way to upgrade the district.

Commissioner Eric Gregg asked for an update of the occupancy and investment in Commerce Way Office Park. Michael Kane responded that the park was constructed in the 1980’s and had high occupancy until several large tenants relocated in the last five years. Current occupancy is 60%-70%. The owners have secured new investors from New York and hired a green building consultant to support the adaptive re-use concept and green building approach to revitalizing Commerce Way.

He described two office markets that they are trying to attract. One is the company that wishes to employ and maintain a younger workforce that desires to be near a vital downtown like Portsmouth. The other is the more price sensitive tenant that seeks lower cost space such as those that will be offered in the renovated one-story buildings at Commerce Way. Mr. Gregg said it is imperative that there are solid and enthusiastic investors and a well conceived marketing approach for the plan to succeed. He supports the betterment concept.

Vice Chairman DeStefano thinks the idea is a great opportunity for the city. As an architect she promotes adaptive re-use of the facility as well as the sustainable building concept.

Mr. Bohenko reviewed the next steps in the process. He recommends that the EDC write a memo to the City Council endorsing the approach. If the EDC is inclined to recommend the process, he would put the item on the June 20, 2011 City Council agenda. If the Council agrees to move ahead a public hearing is required. Following that, the city would proceed with the bond process. It is likely that the costs would be included in a bond for other capital expenditures since the amount of the road upgrade is relatively small for a single bond issuance.

Commissioner Cohen asked about the relative cost of the abutters’ assessments compared to their current tax obligations. Mr. Kane they would be similar. Mr. Cohen supports the betterment tool for the proposal. Commissioner Allison moved to submit a memo to the City Council in support of the betterment assessment procedure for payment of improvements to Commerce Way. Commissioner Zolla seconded the motion which passed unanimously.

**Confirm Next Meeting:** The next EDC meeting will be June 3, 2011 at the NH Innovation and Commercialization Center at Pease Tradeport.

With no further business the meeting adjourned at 8:35 a.m.

Respectfully submitted,  
*Nancy Carmer,*  
*Economic Development Program Manager*