

**MEETING MINUTES OF THE PORTSMOUTH
ECONOMIC DEVELOPMENT COMMISSION**

September 9, 2016

City Hall, Conference Room A

7:30 a.m.

Members Present: Everett Eaton, Chairman; Bob Marchewka, Vice-Chairman; John Bosen, Eric Spear, Ron Zolla, Jen Zorn, Philip Cohen, John Pratt, Josh Cyr

Excused: Dana Levenson, Stefany Shaheen

City Staff: City Manager John Bohenko, Economic Development Program Manager Nancy Carmer

Chairman Eaton opened the meeting at 7:35 a.m.

Approval of draft meeting minutes of June 10, 2016

Commissioner Zolla moved, and Commissioner Bosen seconded a motion to approve the draft meeting minutes of June 10, 2016. The motion carried unanimously.

Business/Project Activity Updates

Deer Street Parking Garage Update

City Manager Bohenko informed the EDC that the long awaited closing on 165 Deer Street for the second parking garage was underway and should be complete by the end of the day. Next steps include approval of a contract with Walker Engineering for the design, permitting and construction phases of the project and for the working group to devise a critical path for implementation.

Other Parking Department Initiatives

City Manager Bohenko said that the City is working on several other strategies to streamline and improve the parking program including implementation of some of the recommendations that were made in the 2012 Nelson Nygaard Report such as shared parking and installation of single head meters with the ability to notify parkers when a car vacates a parking space. The meters are currently being tested on Daniel Street near Moe's Sandwich Shop.

Business Expansion and Retention Project Update

Ms. Carmer reported that the Business Retention and Expansion survey effort is well underway with roughly 20%-25% of the targeted 220 businesses have been interviewed to date. Summer vacations slowed scheduling surveys, but the 90 volunteers continue to contact businesses for interviews.

Responses to date have documented the anticipated challenge businesses are experiencing finding skilled labor and particularly engineers and tech workers. Mr. Marchewka noted that, overall, the businesses appreciate the City's effort to visit businesses and solicit input on operating a business in the City.

New Business

Cable Commission Broadband Telecommunication Request

The City Manager told the EDC that at a recent meeting of the Cable Commission there was discussion on broadband speed. The Cable Commission suggested conducting a survey to determine the adequacy of service high speed broadband in the City. In 2011, a subcommittee consisting of two EDC and two Cable Commissioners undertook a similar effort and the findings showed excellent service options and speeds that were competitive with the Boston market.

The Cable Commission suggested that the report be updated. Councilor Cyr does not support that suggestion and feels that it may not be productive. He suggested waiting until the Business Expansion and Retention Project is complete because there is an entire section on broadband that will provide data on the issue. If a problem is identified then a strategy can be developed to address it.

Councilor Spear responded that the Business Expansion and Retention survey is addressing only commercial business and not the residential local customer or the schools. Councilor Cyr will be invited to the next Cable Commission meeting to discuss options.

Downtown ERZ Zone

Recently Ms. Carmer and representatives of NH Department of Economic Development (NHED) met with the principals of an out-of-state sports apparel company looking to relocate its headquarters in either Portsmouth, Denver, Colorado or Burlington, Vermont. The company is looking to locate in a downtown area would employ roughly 30 employees, many of which are designers. Portsmouth was short listed because it has the quality of life that appeals to design professionals.

Following the meeting with the company, NHED asked the City to consider submitting an application to the state for approval of an Economic Revitalization Zone (ERZ) downtown as incentive to bring the company to Portsmouth. The location and investment in the ERZ could make the firm eligible for business profits tax credits.

An added benefit of the Zone is to potentially offset the luxury housing in many of the recent downtown developments. Attracting additional office development downtown has been a goal of the EDC, but has been thwarted by lack of public parking capacity for workers. The zone could potentially include sites that are scheduled for redevelopment such as HarborCorp's on Russell Street and 175 Market Street and potentially the McIntyre site.

Ms. Zorn questioned the need for incentives in the downtown for office development. Mr. Eaton noted that the balance of uses in the downtown has long been a goal of the EDC. Mr. Marchewka said that now is a good time to employ this incentive with the new parking garage being built. Ms. Carmer noted that there currently several ERZ designated areas in the City including Pease Tradeport, Commerce Way, Heritage, Constitution and High Liner Avenues. The discussion resulted in the EDC consensus to apply for ERZ approval for the downtown area described.

EDC advocacy on development - Councilor Spear

Councilor Spear said that during his tenure on City Council there has significant debate on limiting growth in the City. He has also heard from many developers that the proposal and permitting process is protracted and expensive. This has resulted in many developers totally avoiding development in the City and taking the jobs to other communities.

He believes that the EDC can play a valuable advocacy and education role on the benefits of good development proposals and the positive impact of job creation. He is not suggesting that all development projects deserve or require advocacy, but when appropriate, it can serve a valuable role in informing the public and officials on the positive and negative impacts of certain projects.

City Manager Bohenko said that it is not unusual in cities to sometimes have economic development boards be at odds with land use boards. However, he reminded the Commission that part of the issue is that Portsmouth has limited suitable land left for development and that much of what remains is marginal and requires careful review and scrutiny.

He added that a recent Inspections Department report indicates that in the last fiscal year there were close to 12,000 inspections done. He said that the public has a reasonable expectation and deserves assurance that building codes will be enforced for new and re-development projects. When reviewing projects the City must protect people's welfare and safety regardless of size. With limited staff, this sometimes this takes time.

Councilor Cyr said he has also received comments that Portsmouth is a great place to live, work and play, but not to undertake development. With development there is risk with reward and he would like to get anonymous feedback data that would assist in pinpointing where the permit process could be streamlined. City Manager Bohenko noted that a survey is currently underway regarding the Inspections Department.

Commissioner Cohen believes there are market forces at work that impact affordability, especially on the land cost side of the equation. This requires deep developer financial resources. Commissioner Zolla agreed noting the time value of money is critical in development projects and creates difficulty carrying the cost long term for project completion. This is especially problematic when it takes 3 land use board meetings to get resolution on certain matters. Commissioner Zorn has heard that some projects take 2-4 years to get permitted. She favors an EDC advocacy approach that takes a holistic approach for economic development that enhances the city's overall quality of life including health, safety, view sheds, experience of place, etc.

Commissioner Bosen stated often a protracted development process is due to litigation from outside parties. He added that Portsmouth is the one of the "Crown Jewels of New Hampshire," and that maintaining that quality of development sometimes requires more review. Many cities do not have Historic District Commission's for design review like Portsmouth has and that can add significant time to the approval process.

Commissioner Pratt acknowledged that the City has a reputation of being a difficult environment to develop. But, he suggested that some of the other area cities may want to employ some of the things that Portsmouth is doing to assure quality development projects.

The City Manager said that if EDC elects to provide education and advocacy, it should be by Commission consensus after gaining a solid understanding of the project and should be in writing to the City Council or applicable land use board.

Chairman Eaton said these are good observations and that actions related for advocacy could be part of the Commission's Action Plan. He asked that members to send ideas to Ms. Carmer for discussion and inclusion in the 2017 Action Plan.

Regarding action items, Commissioner Zolla said he has noticed a shift toward more tourism businesses since moving to the City and feels that the EDC should develop a strategy to help businesses attract locals year-round. More accessible parking and resident rates would be a good start.

Councilor Cyr urged the EDC to be more expansive in its thinking and think 10 years out into the future toward paradigm shifts relative to transportation and other topics. He said that many current concerns will go away with driverless cars and the advent of other disruptive technologies.

Other Business

- Radio ads and outreach for Sarah Long Bridge closure are underway. The City is working with NH Department of Transportation to encourage effective signage to notify the public that Route One Bypass businesses are accessible and open for business.
- Meeting for Business on WWTP upgrade – The City will be attending a meeting with businesses interested in learning more about the sewer plant upgrade and impacts.
- Business NH Magazine published its annual edition of the Best Businesses to Work For and 6 of the 20 are Portsmouth-based businesses.
- Chairman Eaton provided an update on the Parking Garage subcommittee.

Public Comment

David Choate of Colliers International requested being on the October EDC agenda to discuss a workforce housing project on 80 acres off Route 16. Chris Davies of Great Bridge Properties and Lisa DeStefano would

also attend to explain the proposed project and the variances required. The proposal requires ZBA approval.

On other topics, Mr. Choate suggested that a good example of a streamlined development process is Dover, NH. Dover's Deputy City Manager Chris Parker would be a good resource to learn more. He also mentioned the economic development tool of RSA 79E may be a tool the City could employ as incentive to create more office use.

Confirm Next Regular Meeting: October 7, 2016 at 7:30 AM.

With no further business to conduct the EDC meeting adjourned the meeting at 8:50 AM.

Respectfully submitted,
Nancy Carmer
Economic Development Program Manager