

MEETING MINUTES OF THE PORTSMOUTH ECONOMIC DEVELOPMENT COMMISSION

May 4, 2018

City Hall, Conference Room A

7:30 a.m.

Members Present: Bob Marchewka, Chairman; Cliff Lazenby, Nancy Pearson, Sarah Lachance, Tom Watson, Ron Zolla and Dana Levenson

Excused: Alan Gold, Everett Eaton Philip Cohen

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

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

Approval of draft meeting minutes of April 6, 2018

Commissioner Watson moved and Councilor Lazenby seconded a motion to approve the draft meeting minutes of April 6, 2018. The motion carried unanimously.

Presentation

Greater Portsmouth Chamber Collaborative semi-annual report on Tourism and Business Development

Chamber President Valerie Rochon and Tourism Coordinator Katti Mowers provided a review of the Chamber Collaborative activities and tourism-related metrics for the period November 1, 2017-April 30, 2018. Included in the report were statistics on visits to the Chamber's Visitors Center, travel show attendance, public relations initiatives and familiarization (FAM tours), website analytics, hotel occupancy, vehicular traffic at Hampton tollbooths, and meals and rooms tax data.

Visits to the Chamber visitor's center were down this year due in part to weather and also to the trends of mobile device and internet enabled research. Tourism website traffic was up due in part to search engine optimization management. The Chamber made successful visits to the New York and Boston travel shows. The Chamber has engaged Sullivan Communications to generate online and traditional press and destination promotions. Focus during the reporting period was on the fall and spring Restaurant Weeks and special events which resulted in increased attendance.

Hotel occupancy remains busiest over the summer months with local occupancy rates ranging from 85%-90% versus 76% year-round. Rockingham County's Meals and Rooms taxes were up 4% over 2017. The seacoast region consistently generated 34% of the state total (equaling roughly \$34M in meals taxes and 32% in room taxes). Yet, the return distribution to the City is just slightly over \$1M.

Next, Ms. Rochon and Ms. Mowers reported on the Downtown Retail Marketing grant that stemmed from the City reducing the amount of free holiday parking downtown from nine to seven days. The Chamber was tasked with grant administration and developed a three-pronged approach for grant to implementation: 1) focus groups, 2) retail trends education and, 3) promotion. The biggest take away from the effort was that the biggest factor driving visitation is the unique experience of dining and shopping in the City. Surveys show that more people come for the culinary assets than the retail (internet shopping has contributed to this). But, the experience of being in the historic downtown and exploring the area is the primary driver. Promotional and destination marketing efforts should and will be focused on that going forward. Commissioner Watson suggested conducting analytics for what products sell downtown and developing a shopping brand around that.

Request to Extend Partnership with Chamber Collaborative in FY19

The Chamber Collaborative of Greater Portsmouth has requested that the City extend the partnership with the Collaborative for FY18-19 and renewal of the \$40,000 grant. The City Manager told the EDC that the source of the Chamber grant is from repayment of loans made by US Department of Housing and Urban Development

(HUD) under the Urban Development Action Grant (UDAG) program. The HUD funds were loaned to businesses to incent development in underutilized downtown properties in the late 1980's and 1990's. The program allowed the loans to be repaid to the City in which the development occurred. The prepayment of a \$5.5 million loan to the Sheraton Hotel and Conference Center netted a \$3.5 million payment to the City. These funds are a special revenue fund which has been used for a variety of economic development and downtown projects.

Starting in 2000, UDAG funds were used to establish the partnership with the Chamber to provide tourism promotion and destination marketing of the City. The grant was \$40,000 per year under and remained fixed year over year under an agreement that outlined eligible grant activity and requisite reporting metrics.

With many of the grant objectives met and the UDAG budget being a declining special revenue fund, the City Manager suggested that the EDC start to reduce or phase out the Chamber partnership grant. Commissioner Zolla expressed concern about phasing out support for what he sees as a program that provides positive economic collateral for the City and would want to be sure that the decision is made after careful consideration of all indirect benefits. He also pointed out that with a fixed grant amount over time, the value of the grant has diminished over the grant period. Commissioner Levenson asked about possibly replacing the UDAG funding with parking revenues to offset the UDAG grant. The Manager suggested that the EDC think about options for further discussion at a future EDC meeting.

Old Business/Project Updates

McIntyre Project Update – Stage 3 Public Input/ Next Steps

Deputy City Manager Nancy Colbert Puff provided an update of the final stage of public input for the McIntyre Building Project. She provided an overview of the design concepts and the proposed mixed uses for the site. At the May 7th City Council meeting, there will be a public hearing at which the Council will be asked to authorize the City to bring the conceptual design to the Historic District Commission for advisory review. It will also be asked to authorize execution of the McIntyre project negotiating principles, a license agreement to access the property and an assignment of license agreement to Redgate/Kane for access to the site to provide on-site due diligence. Commissioner Zolla believes the project will be a “phenomenal” asset to the City. Commissioner Marchewka feels the project is scaled appropriately and reflects the public input provided during the public engagement process. Commissioner Levenson asked if there is concern about proposing office use at the McIntyre Building without on-site parking. The Manager said that the High Hanover and Foundry Place public garages and revised parking fees will play an important role in incentivizing the office workers to use those facilities.

New/ Other Business

City Council Referral – Streamlining land use permitting

Deputy City Manager Nancy Colbert Puff and Planning Director Juliet Walker reviewed the City's current land and building permit processes and recent changes instituted to improve the process. Changes include things such as online permitting, case managers for large projects, use of experts for efficient peer review, and progress on an applicant flow chart. They also cited comprehensive site review, weekly meetings with the building and planning staff to discuss projects in the permitting pipeline as additional practices that have improved the land-use process.

Ms. Colbert Puff has compared Portsmouth's land use permitting system to other communities and noted that, with the exception of larger cities such as Manchester, Portsmouth gets an inordinately large number of land use permit applications for a city its size. She also said that the remaining building sites in the City pose unique challenges that often require additional review/easements or unique circumstances that trigger more review. She said the quality of the applicant's team and advance permit application preparation can be critical

in reducing the land use permit time and that the challenge is how to streamline the process without lowering the City's standards. Ms. Walker agreed and stated that the department is willing to work on improvements.

The outcome of the EDC discussion was to have a three-member EDC subcommittee work with Ms. Walker and Ms. Colbert Puff to interview some developers and land use applicants and develop potential streamlining strategies and a report back to the EDC/City Council. Commissioners Pearson, Lachance and Zolla volunteered to be on the subcommittee.

Business updates/highlights

Ms. Carmer updated the EDC on recent business expansion activity/announcements including the FY 2019 US House National Defense Authorization Act providing nearly \$150 million for the Portsmouth Naval Shipyard to expand capacity to repair the modern Virginia Class submarines. The bill provides funding to upgrade Dry Dock 1 and construction of a new crane rail and an upgrade of the existing rail crane. These projects will result in an increase in the ability to simultaneously do repairs on two Virginia class subs and could result in 200 additional hires.

The other expansion discussed was the proposed expansion at Lonza with the potential to hire 1,000 new employees for the growing product development services in three new buildings totaling 1 million square feet. The City Manager noted that the company was evaluating the expansion in other states where Lonza has facilities. In response, the State of NH, City and PDA worked together to provide retention incentives to expand at Pease. This effort was instrumental in the company's decision to expand at Pease Tradeport. The City Manager noted that the impact on the City's water/sewer rates if they relocated out of the City would be a 12% decrease in revenues if the firm relocated its operations. In addition, the new expansion will generate close to \$1 million in tax revenues.

Commissioner Pearson noted a recent public narrative to City Councilors related to this expansion that "business is somehow bad for Portsmouth and that it is costing the taxpayers and city money." She suggested a simple editorial from the Commission that would dispel some of these myths and explain the beneficial fiscal impact of attracting/retaining business. Most communities would relish the opportunity to welcome new business and the positive direct impact of jobs, tax revenue as well as other direct and indirect benefits that result from business relocation and expansion in a community. The consensus was to draft an editorial on this topic.

Confirm Next Regular Meeting: June 1, 2018, 7:30 AM

Public Comment- No members of the public were present to comment.

Adjournment – With no further business, the meeting was adjourned at 9:05 am.

Respectfully submitted,
Nancy Carmer
Economic Development Program Manager