

Approved 9/10/04

MEETING MINUTES

PORTSMOUTH ECONOMIC DEVELOPMENT COMMISSION

May 7, 2004

Conference Room A

7:30 a.m.

Members Present: Dana Levenson, Chairman; John Hynes, Scott Pafford, Paul Harvey Sr. Steve Alie, William Gladhill, Cliff Taylor, Edward Hayes, John Bohenko, City Manager

Members Absent: Mark Simpson (excused), Everett Eaton

Minutes

Commissioner Hynes moved and Commissioner Harvey seconded the motion to approve the meeting minutes of April 2, 2004 as written. The motion passed unanimously.

Old Business

Update on City Council Referral on Parking Impact Fees - Chairman Levenson gave a verbal report on the work of the subcommittee. The group has met weekly on the City Council referral since the April 2, 2004 EDC meeting and during this time the subcommittee reviewed models of how other cities such as Portland, Maine address parking demand. The subcommittee also reviewed the ability of the existing parking garage to absorb parking demand associated with proposed and potential future development in the Central Business District. Before bringing any recommendation to the City Council, the subcommittee will seek legal review of the concepts. In addition, the subcommittee plans to meet with a representation of property owners and developers in the central business district. When this is complete it will bring the recommendation back to the full EDC and City Council. Commissioner Taylor commended the subcommittee on the amount of time committed to this task.

Parking Meter Rate Increase - Mr. Levenson asked the City Manager to briefly discuss the potential increase in parking meter rates as recently reported in the news. Mr. Bohenko explained the budget process telling the EDC that, of the \$70 million budget, 75% of revenues to cover the expenditures come from property taxes, 25% come from grants, fees and fines. When there is a gap in expenditures and revenues there are only certain ways to make up the difference without raising taxes. Raising the parking meter rates is one possible revenue source to balance the proposed budget for FY 04/05.

The meter rates have not increased in seven years and the parking fines have not changed in twelve years. The potential meter rate increase or a combination of revenues/ tax increase could cover the present \$660,000 gap. The meter increase is not currently included in the budget and there is a process that must be followed for it to become reality. That requirement is an ordinance change, which obligates the City Council to hold three readings (including one public hearing), before any change is made. Often, the City Council refers

items like this to certain Committees such as the EDC or the Parking Committee, which in turn advise the City Council before any change occurs. The Manager explained that he did not intend to slight any Committee or Board by bringing the parking meter increase idea to the City Council first.

Dr. Harvey asked how Portsmouth's parking meter rates compare to other cities and towns and what the projected increase would bring in revenues. The City Manager is currently collecting data on this matter and will share it after he first submits it to the City Council.

Chairman Levenson said he would like to get the EDC's sense of the how such an increase will impact the economic vitality in the central business district so that when the time is appropriate, the EDC can weigh in on the matter. He raised the point that, because meter fees are not collected past 6 PM most nights, certain downtown businesses such as restaurants and art organizations are not as affected as those which rely on the daytime customer. He will revisit the topic when the opportunity for input arises.

Sheraton Subcommittee - Mr. Bohenko reported that City staff and Sheraton representatives have met to discuss a draft Memorandum of Agreement (MOU) for a public private partnership for construction of a parking garage associated with the Sheraton Hotel and Conference Center expansion. The Memorandum of Understanding (MOU) addresses, in a non-binding way, concerns such as required land swaps, utility and infrastructure modifications, and cost sharing.

Also ongoing is work with representatives of various utilities including PSNH, Verizon, Northern Utilities and the Sheraton to sort out how to relocate utilities and infrastructure that currently exist on the Sheraton's surface parking lot.

The Manager said that the next step in the process is a work session with the City Council to discuss the non-binding MOU. Should the City Council decide to move ahead with the partnership, a full complement of comprehensive documents will be needed to articulate the specifics of the partnership.

Update on Perambulation Study - Mr. Bohenko reported that the land-side portion of the study is completed and that the consultant is currently researching the marine border.

Presentation on Commercial Real Estate Market

Bonnie Roberts, RE Market Analyst for The Kane Company made a presentation on the commercial/industrial real estate market in the Seacoast for the first quarter of 2004. The Kane survey covers 13 communities in the Seacoast and indicated that vacancy rates have dropped in all communities except for Dover. She said that the figures are promising and noted that for the first time in a long time there has been positive absorption. To her, this indicates that the recovery from the recession is officially underway. For office space exceeding 5,000 square feet in Portsmouth, vacancy rates have dropped both at Pease and in suburban areas. Rates slightly increased in the downtown, but she does not see this as a trend.

Other positive aspects observed during the first quarter are a “flight to quality,” people moving out of occupied space to more upscale space, and a stabilization of rents. Ms. Roberts noted that one problematic area is the relative shortage of industrial space on the market. The demand is for smaller scale industrial space, something that is not abundant in the seacoast.

A brief conversation ensued about regional economic development. Mr. Bohenko said that although Portsmouth is an economic hub for the seacoast, it cannot satisfy all the industrial space demands of the region. Mr. Levenson thanked Ms. Roberts for her report and the excellent information included.

New Business

Chairman Levenson informed the Commission that he had received a copy of a letter from Steve Alie to the Mayor indicating his resignation from the EDC and thanking her for the opportunity to serve on the EDC. Commissioner Taylor acknowledged Mr. Alie’s great contribution to the EDC and expressed desire to have future representation from the downtown on the board.

Public Comment

David Choate of CB Richard Ellis asked if the EDC has had any input into the proposed zoning change to restrict first floor residential use in the Central Business District. Mr. Bohenko responded that the issue was discussed in joint work sessions with the Planning Board on the Master Plan.

He also asked if his firm could have an opportunity to present the pending report it is completing on an industrial real estate survey for the region. The Commission agreed it would be fine.

Mr. Choate suggested that the EDC parking subcommittee consider including LBJ Properties and Steve Kelm in a discussion on proposed parking impact fee changes. Lastly, he noted that two tenants have leased the Slackers property downtown and also the First National Bank of Ipswich has leased space adjacent to Breaking New Grounds in Market Square.

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

Respectfully submitted,
Nancy M. Carmer
Community Development Program Manager