

MEETING MINUTES
PORTSMOUTH ECONOMIC DEVELOPMENT COMMISSION

September 10, 2004

Conference Room A

7:30 a.m.

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

City Council

Members: Joanne Grasso, Harold Whitehouse, Tom Ferrini

Sheraton Hotel and Conference Center Expansion – Economic Impact Analysis

Chairman Levenson introduced Shari Young, General Manager of the Sheraton Hotel. She said that the hotel has been working for several months on plans for an expanded hotel with conference facilities and parking garage. She then introduced Russ Thibeault of Applied Economic Resources who the Sheraton retained to complete an economic impact analysis of the proposed development.

Mr. Thibeault gave an overview of his firm and the type of economic and planning consulting services they provide. He described the methodology used in preparing the economic impact analysis including interviews with Shari Young and Steve Griswold of the Sheraton and Nancy Carmer of the City of Portsmouth. He also reviewed the City's draft Master Plan, the Northern Tier Report, as well as comparable facilities in the area and national and state visitor impact studies.

He described the proposed development as a 200 room flagship hotel with 21,000 square feet of conference facilities (including an 11,000 sq. ft. ballroom) and a maximum meeting capacity of 1,200. A 710-car parking garage is also proposed to service the facility as well as to provide public parking. Estimated private investment for the complex is \$35 million, which will put it in the top three property tax revenue generators for the city with an estimated \$700,000 annual payment.

Mr. Thibeault described the Seacoast visitor market as roughly 20% of the statewide total. This market accounts for an estimated 25,000-30,000 Seacoast area jobs (direct and indirect). Essentially the facility will replace the conference capacity of Yokens. With Yokens no longer in business and without a facility to accommodate over 500 people, the City and the seacoast are losing conference market share to Manchester, Concord, Nashua and the White Mountains. Portsmouth has a competitive advantage and strong market appeal to the conference industry.

A market analysis has been completed by the property owner which states that there will demand for the conference facility. Ms. Young said that the conference facility would be

a catalyst to serve the overall hospitality industry in the city during the non-tourist season. The facility will support over 144,000 visits per year and will create an estimated 330 permanent jobs (200 on-site and 130 off-site). Wages from construction jobs will total roughly \$18 million. Other indirect economic impacts include an estimated \$16 million in area spending in retail, restaurants, service and suppliers.

He summarized the direct and intangible economic impacts of the development as follows:

- Project amplifies the core strengths of the downtown and is consistent with the Master Plan and the Northern Tier Study.
- Project will create 330 permanent jobs and construction jobs.
- Property will generate an estimated \$700,000 in property taxes.
- Property is an opportunity for partnering with the city for shared parking.
- Project will enhance the City's conference market competitiveness by accommodating groups of 1,200.

Commissioner Hynes asked if there would be any municipal investment in the project. City Manager Bohenko reminded the EDC that the City Council had instructed the staff to work with the Sheraton owners on a public/private partnership for a shared parking garage. If a partnership is forged, there will be municipal investment in the parking facility.

Commissioner Taylor said that a conference center of this size is needed, but he is concerned about the scale of the facility. Mr. Thibeault said that a development this size is not a "large player" in the overall conference market. Ms. Young concurred noting the importance of this project as a demand generator for the burgeoning hotel industry in Portsmouth. City Manager Bohenko said that the local land-use boards would be responsible for reviewing the project for scale and other design and zoning regulatory criteria.

Commissioner Harvey asked if the City would run the garage. The City Manager said the city would run the facility, adding that it will be part of a comprehensive parking management program involving the entire city's parking facilities.

In discussing a timeline for the project, Ms. Young indicated that the Sheraton hopes to begin construction in the 2nd quarter of 2005, noting that construction will require an 18-24 month period. This assumes that all land use reviews and approvals can be accomplished by then.

The next step is to bring the partnership concept and memorandum (MOU) of understanding to the City Council in October. The (MOU) addresses, in a non-binding way, concerns such as required land swaps, utility and infrastructure modifications, and cost sharing. 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. This MOU will provide a "level of comfort" for the developer to begin the

land use board review process.

Minutes

Commissioner Taylor moved and Commissioner Hayes seconded the motion to approve the meeting minutes of May 7, 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 met weekly on the City Council referral from April 2, 2004 through June 2, 2004 at which time it suspended meetings while the City Council deliberated on the topic of increased parking meter and garage fees. The group will begin meeting again this month and plans to bring in stakeholders in the Central Business District to discuss the options the subcommittee has developed thusfar.

2004 Action Plan

Chairman Levenson asked the Board to review the Action Plan and prioritize three or four actions that the Commission can begin to address. Commissioners should e-mail the items to Ms. Carmer before the next meeting so she can compile the responses for the October meeting.

Master Plan Update

Over the summer the Planning Board has continued to receive public input at four hearings on the draft Master Plan and has drafted a future land use map based on the goals and objectives articulated in the draft plan. Ms. Carmer reviewed for the EDC the Land Use and Economic Development chapters, which are the sections most relevant to the EDC. Commissioners wishing to comment on the draft plan can e-mail comments to Ms. Carmer who will in turn get them to the Planning Board and staff.

EDC Vacancy

Staff is currently in discussions with several downtown business owners regarding filling the vacancy on EDC created by Steve Alie's resignation.

New Business

City Council Referral: Graffiti in Central Business District

A Report on Graffiti Removal prepared by David Moore was included in the EDC packet. The report describes methods used by other cities to address the problem of graffiti on private property. Currently the City removes all graffiti on public property with 24 to 48 hours in an effort to curb the problem.

Mr. Levenson asked for volunteers to serve with Commissioner Taylor on this referral. Commissioner's Harvey and Gladhill volunteered. Ms. Carmer will coordinate the subcommittee meetings and Mr. Moore will act a staff support. The EDC discussed the need to do some initial fact finding on the issue through conversations with the Police and Department of Public Works. The City Manager said that the City Council would like a

report back from the EDC in early spring 2005.

New Chamber of Commerce President

Dick Ingram has been hired to replace Peter Hamelin as President of the Greater Portsmouth Chamber of Commerce. Chairman Levenson sat on the selection committee and said it was a very educational and productive exercise for him as he learned much about the operation of the Chamber and the importance of the City/Chamber partnership. He feels that there is much opportunity for enhancing the partnership. The new President will be invited to the October EDC meeting.

Public Comment

No members of the public were present.

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

Respectfully submitted,
Nancy M. Carmer
Community Development Program Manager