

**MINUTES OF THE  
ECONOMIC DEVELOPMENT COMMISSION**

June 6, 2014

Pease Development Authority Board Room

7:30 a.m.

**Members Present:** Everett Eaton, Chairman; Bob Marchewka, Vice-Chairman; Eric Spear, John Bosen, Dana Levenson, Stefany Shaheen, Ron Zolla, Josh Cyr, John Pratt,

**Excused:** Eric Gregg, Philip Cohen

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

**Approval of draft meeting minutes of May 9, 2014**

Councilor Zolla moved and Commissioner Bosen seconded a motion to approve the draft meeting minutes of May 9, 2014. The motion carried unanimously.

**Update on activity at Pease International Tradeport**

Pease Development Authority Executive Director David Mullen provided a summary of activity at the Pease International Tradeport for the fiscal year. Vacancy rates have fallen dramatically for the fourth consecutive year from 14.4% in January 2011 to 4% in January 2014. This year there has been 249,505 square feet of new construction bringing total Pease development to 4.4 million square feet of commercial industrial space at the Tradeport. There are now over 250 companies employing 8,300 direct hires with another 3,000 indirect hires supporting Pease companies. This translates to a \$500 million estimated annual payroll with another \$10 million in estimated business profit taxes and Rooms and Meals taxes going to the State of New Hampshire. Finally the Tradeport paid \$5.6 million to the City of Portsmouth under the municipal services agreement.

On the airport side, there is now passenger service twice weekly on Allegiant airlines from Portsmouth to Sanford/Orlando, Florida. PDA was successful in securing the agreement with Allegiant because, unlike other airports in the region, Pease does not charge airport terminal or landing fees. The airport also has a significant number of military charters which contributes to a threshold of use which entitles the airport to \$1 million in FFA funding.

In response to a question about the use of the Marine Terminal on Market Street for interim parking after Grinnel Industries vacates the port, Mr. Mullen said that parking does not meet the Port's business mandate and would require a legislative change and site re-structuring for parking. He said in the short-term the Port may be used for a lay-down for the upcoming Sarah Long Bridge replacement. In the meantime, the PDA is seeking other marine-related business to replace Grimmel.

**Old Business**

*EDC Subcommittee update on downtown parking garage location*

City Manager Bohenko said that the subcommittee evaluated 21± potential sites in the downtown for constructing a public parking structure and only three sites emerged as viable for further consideration: 165 Deer St., 1-31Raynes Avenue and 225-229 Vaughan St. The Manager noted that these are all privately held properties. Of these three sites, the City has had preliminary discussions with the owners of 165 Deer Street and they have expressed interest in exploring the concept of a municipal parking structure as part of mixed-use redevelopment. The next step is to schedule a non-meeting with counsel to determine how to proceed. After that meeting the subcommittee will report back to the full EDC for a recommendation to City Council. Thursday, June 12th at 7:30 AM was selected as a time for a subcommittee meeting with counsel.

Chairman Eaton added that for consistency purposes, the subcommittee used evaluation criteria similar to previous planning studies on potential parking garage sites and tried to suggest sites within a 5-minute walk to Market Square. The subcommittee also looked at City-owned properties and focused on the Bridge Street and Court Street surface lots. Both of these sites have issues that make them less than optimal as a public garage.

Commissioner Zolla asked, in the wake of the decision not to renew the Grinnel scrap metal contract at the Port Authority Marine Terminal, if the City had considered an interim use of the Granite State Minerals property. The idea would be to free the Granite State Mineral site up for more mixed use development such as a hotels or other non-industrial use close to the city's core. The City Manager said he was not sure that is the highest and best use for that property given that it is zoned marine industrial. Chairman Eaton noted that there is strong support for keeping that area a working waterfront adding that an industrial use is an also significant contributor to the tax.

### **New/Other Business**

#### *City Council Referral on potential Tax Increment Financing (TIF) Project at Frank Jones Center*

City Manager Bohenko presented a map of the area surrounding the Frank Jones Center on the Route-1 Bypass. He highlighted the 12.2 acre, industrially-zoned parcel owned by Portsmouth Land Acquisition Holdings and also the adjacent City-owned parcel off Cate Street. This entire area was the subject of a neighborhood meeting with the Planning Department a couple years ago. One outcome of the meeting was a concept plan for a potential overlay district for mixed-used development in the area. The concept also envisioned a road connecting the Bypass to Bartlett Street which is something the City has been interested in for a long time. The City could create a TIF district in the area and construct the road. The additional frontage would be an incentive for additional development which in turn would expand the tax base and potentially create new jobs.

The Portsmouth Land Acquisition property is currently for sale for \$8.7 million. The owner has met with the City to determine its interest in the parcel and surrounding area. He has potential buyers that would be interested in meeting with the City to determine how to meet the City's vision for the area. The City envisions rezoning the industrially-zoned area to office/research as part of the development concept.

The EDC discussed expanding the potential TIF district to include the area surrounding some underutilized properties in the Islington Street corridor near the old Frank Jones Brewery. Also discussed was extending the new road along the North Mill Pond, but the City Manager said that it would require using the railroad property which could be challenging.

To move ahead on the City Council referral regarding a TIF district in the Route 1 Bypass/Cate Street area, the EDC TIF subcommittee needs to be re-convened. New subcommittee members are needed as two of the previous members are no longer EDC members. The new subcommittee will consist of Chairman Eaton, Dana Levenson, John Bosen and Councilor Spear. A meeting will be scheduled in the near future. Staff is soliciting quotes for professional services to assist the subcommittee in the potential project.

#### *Portsmouth submarket real estate 4<sup>th</sup> quarter 2013 report*

Ms. Carmer distributed the Colliers International real estate advisory firm's report for the fourth quarter of 2013. She reviewed the ten communities in the Portsmouth submarket and noted properties that are not included in the report including offices less than 10,000 square feet and medical buildings. The vacancy rate was 13% for office properties and it was 4.2% for industrial properties. Current asking rates for Class A office space are \$19.92 per sq. ft (gross) which is slightly up from \$19.85 per square foot in the fourth

quarter of 2012. Class B office asking rates are \$17.62, up from the \$14.64 per square foot in the third quarter of 2012. Portsmouth's industrial subsector average lease rate for warehouse/distribution space is \$6.86 (up from \$4.10 per square foot last year) and \$9.33 for R&D/flex in the third quarter of 2013. (Down slightly from \$10.72 per square foot last year).

**Public Comment**

David Choate from Colliers International made the following points/suggestions:

1. He said that others have reached out to the owner of Granite State Minerals and the company is not interested in moving the business from its current Market Street location.
2. He re-iterated the community's desire to have the waterfront remain a working port noting the number of well-paying jobs that are directly and indirectly related to the port as opposed to retail or hospitality use.

**Confirm Next Regular Meeting: Friday, September 5, 2014**

City Manager Bohenko said that there may be a need to have a meeting of the Commission during the summer with all the projects and City Council referrals that the EDC is dealing with. It was the consensus of the Board to meet as needed.

**Depart for Site Tour of Poly Recovery**

From 8:50 to 9:30 AM the EDC toured the Poly Recovery plastic recovery and recycling facility at 125 Aviation Ave.

The subcommittee meeting ended at 9:30 AM.

Respectfully submitted,  
Nancy Carmer  
Economic Development Program Manager