



TOWN OF DURHAM
15 NEWMARKET RD
DURHAM, NH 03824-2898
603/590 1387

Warren Daniel, *Regular Member*
Allan Howland, *Council Rep.*
Lorne Parnell, *PB Rep.*
Karl Van Asselt, *Regular member*
Raymond Rodon, *Regular member*
Sally Tobias, *Alternate*
Robert Brown, *Alternate*
Mary Ellen Humphrey, *Economic Development Director*
Lori Roy, *DBA Representative*

ECONOMIC DEVELOPMENT COMMITTEE

Town Council Chambers at the Town Hall

Tuesday September 20, 2016

8 AM

Members Present: Allan Howland, Sally Tobias, Raymond Rodon, Lorne Parnell, Bob Brown;

Members Not Present: Warren Daniels, Karl Van Asselt;

1. Call to Order

Mary Ellen Humphrey called the September 20, 2016 meeting of the Durham Economic Development Committee to order at 8:00 am.

2. Roll Call

The members introduced themselves and their positions on the Committee. Ms Humphrey announced that Barbara Kravitz would be taking the minutes for the Economic Development Committee, although she could not be present at this meeting,

3. Approval of Agenda

Ms Humphrey asked for any changes to the agenda; there being none.

Motion	Allan Howland	to accept the Agenda submitted for September 20, 2016 as written.
Second	Lorne Parnell	Approved: Bob Brown, Sally Tobias, Lorne Parnell;

4. Approval of Minutes for August

Ms Humphrey asked for any changes or corrections to the August 16, 2016 Meeting Minutes; there being none.

Motion	Allan Howland	to accept the August 16, 2016 Minutes as written.
Second	Sally Tobias	Approved: Allan Howland, Bob Brown, Sally Tobias; Abstained: Lorne Parnell

5. Public Comment

Ms Humphrey noted that no members of the public were present. Individuals interested in the topics for discussion or what's going on in the town are encouraged and welcome to attend EDC meetings. Ray Rodon joined the meeting.

6. Update from Mary Ellen Humphries, Economic Development Director, on current activities in the town; Economic Development Plan review and update

EDC Director's update on current activities in the town:

Ms Humphrey keeps an inventory of vacant commercial retail and office property in the town and has been informed that 100 percent of all previously vacant retail spaces were now leased. The focus now needs to be on office space.

At the meeting of the Commercial Investment Board of Realtors (CIBOR) comprised of developers and real estate people, that Ms Humphrey regularly attends, a person from the federal government was looking for 3,000 to 8,000 square-foot space for several agencies. Because the second floor of the Post Office building can only be rented for governmental or non-profit purposes, Ms Humphrey let him know that Durham could accommodate some of this need, and she could make connections for this property of which they might not otherwise be aware.

There is vacant office space, some of which would be challenging because it was located within a student housing building and subject to noise, trash etc. Significant downtown office or possibly retail space was still available For example Orion has two vacant buildings on Main Street suitable for professional offices like tax preparation and accounting, or even a hair salon (although there were several in the town); parking and lack of storefronts could be a problem. Additionally, 2,000 square feet in the Madbury Commons is currently being considered for a brewpub.

Mr Rodon asked if building owners ever offered incentives to entice renters. Ms Humphrey noted that building owners were looking for good long-term tenants. It is particularly hard for new businesses to make a 5 year commitment. Sometime landlords will offer 3 months free rent or other incentives. In any event, that would be up to the property owner. Mr Parnell asked if Orion was actively marketing their space at a

reasonable rate. Ms Humphrey thought they were, although one negotiation fell apart and there was no feedback as to why. Parnell thought that parking would have been an issue. Howland asked if the Community Church might rent out extra spaces especially during the day; it was not that far to walk to downtown. Parnell thought the church was already renting spaces to students. Ms Humphrey noted that students use that space. However there was public parking at the corner in the post office lot. She did not know if Orion had set aside space for owner, employee and customer parking. Ms Tobias said that accessibility with sidewalks, proximity to downtown especially in the evening, safety concerns, and handicap access would be issues for her.

Ms Humphrey had several recent inquiries for retail space, and thought that no other community in the Seacoast could say they had 100 percent retail rent-up, and indicated that more downtown retail space was needed – the demand was there. Good redevelopment potential, including for retail, would exist at the proposed 66 Main Street and Mill Road Plaza locations. Mr Rodon recalled discussions a few years ago about whether more student housing and retail was needed. Ms Humphrey said that UNH did lease space in town and might be able to take some of the office space in student housing. Ms Tobias agreed that more retail space was needed.

Mr Brown asked if potential tenants unable to make a deal in Portsmouth or Dover might consider Durham. Ms Humphries wanted to create a business center catering to large, perhaps international or research and development divisions, wanting to have satellite offices near the University. Mr Howland thought the potential Mill Road Plaza redevelopment would be more attractive for retail and office space than student housing. Mr Rodon asked about the potential for a satellite parking area. Mr Parnell noted there was unused parking near the rink. Ms Tobias said that Jackson Landing was quite a walk into town; a shuttle would be good. Mr Brown asked about the truck parking area near the Route 4 exit. Ms Humphrey said that was a distance from downtown and thought it might be a state Park and Ride.

Mr Parnell asked for the status of the Goss facility. Ms Humphrey understood that part of the building had been leased to UNH for a manufacturing training center. Goss has been downsizing with layoffs and the real estate agent no longer has the listing; the property now appears to be off the market.

Ms Humphrey distributed a graphic re the Capital Improvement Program (CIP) which included extending the Technology Drive road and sewer line to allow for further commercial expansion. This is one of the few areas in Durham with adequate zoning for industrial and commercial development. She noted the area has been designated as an Economic Revitalization Zone (ERZ) to allow a business locating in that area to receive state tax credits for the creation of jobs. [The downtown area is also designated an ERZ.] For example, a company building an expensive medical facility in the ERZ could reduce its Business Profits Tax and its Business Enterprise Tax. The Goss property might become a business or technology center with approximately 102 parking spaces. The problem would be that such a facility should be nearer the downtown UNH R&D, the IOL, and parking. The competitive edge is that no one else is doing this. The proposed 66 Main Street and the Mill Road Plaza developments might command premium rates because of their downtown locations.

Ms Humphrey added that the original Mill Road Plaza plan had two floors for office space that could have become a business center. It would also serve as a financial incentive for advancing the plaza. The original RFP for 66 Main Street fell apart, so it's back to the drawing board. Given the cost of dealing with ledge and parking issues, they might have been trying to do too much on the site. She thought a more modest proposal would materialize when the UNH and town teams revisit the project.

Ms Humphrey explained that the UNH priority is a hotel, but commercial business space e.g. a Barnes & Noble, is also needed; perhaps a business center could be included. Ms Tobias noted this would be a lot for a relatively small space; a hotel would require adequate parking. Mr Howland thought that if a bank was off the table at the proposed 66 Main Street, they would be looking for what would work. Ms Humphries agreed, saying it would be scaled back. As presented, the financial hole would be about \$9,000,000, which would have to be filled by UNH, the town and/or grants, which was not workable for a population of 6,000.

Mr Brown asked if there was any interest in a car wash. Ms Humphries said this would be environmentally advantageous rather than washing cars in driveways with soap going into the ground. There had been a second inquiry and she was waiting for a response. Ms Tobias thought Durham was a good location for a car wash; she would use it. The potential site is a great and convenient space for business.

Ms Humphries advised looking at potential zoning adjustments. The town is very protective of its character and needed to identify what kind of businesses are wanted as well as potential locations -- unless nothing more was wanted. For example, did the town want a car wash and, if so, where's the best location. Ms Tobias reminded that that Durham is a tiny little town.

Ms Humphries asked for any other questions about her update; there being none.

Economic Development Plan review and update

Ms Humphrey is updating the 2015 Economic Development Plan for the department in advance of meetings with the Planning Board and Town Council. During the first phase of implementing the business development and promotion plan, several items were accomplished including: (i) initiating the business park, (ii) redeveloping and selling the former town office (iii) the ATO site development is ongoing, and (iv) downtown retail space is 100% rented.

The focus for the 2017 Economic Development Plan should be on office space, of which there isn't a lot, but what there is has been challenging to fill. Ms Humphrey is working on a mini Cambridge Hub concept with ample affordable space for small businesses, satellites of larger companies, and start-ups; with the intention to keep those already in Durham and to attract more. The Madbury Commons, the IOL, University Innovation Center, and the Alpha Loft can become focused on statewide entrepreneurial networking. Goss is very important as a large employer and for its tax revenue. The Stone Quarry and the Business Park are within an ERZ. When Harmony Homes is finished, John Randolph can apply for tax credits because he's creating 30 jobs. The

real estate agent says the Stone Quarry is under contract, but no details are available. It is a nice site for a hotel, senior housing, or retail store.

Ms Humphrey distributed an initial outline for redoing the Economic Development Plan for 2017 including the mission, goals and benchmarks that would last beyond her tenure. As an accountant, she could measure success by the number of clients and projects. For economic development, increasing jobs and the tax base can be measured, but that is only a part of the picture. The measurement is more intangible and revolves around Durham as an advantageous place to do business, and the quality of life the residents experience, which is her main purpose. The challenge is to identify what is needed and wanted, and how to pay for it. This requires investment in the community and people who can earn enough money to live here and enjoy the amenities. When comparing the changes occurring during the 2 years she has been in Durham with what existed previously, strides have been made toward previous economic development goals.

Ms Tobias said rather than “development”, the purpose should be expressed as “community enhancement”. Mr Howland said that jobs and tax revenues have to be measured, and then to address the higher standard of whether people are happy with the downtown -- does it meet the need. With the new tax revenue, the baseline has successfully been met. Going forward, the need would be to get a handle on future business development and promotion for the things people want to make the downtown better. Ms Humphries said there were quite a few vacancies when she arrived; she never expected that all retail space today would be filled. Durham is a great place because the basics are met. Jobs are available in this high-income community; the town is not struggling with training programs or high vacancy rates as in other communities. Durham should be promoted as a desirable business center where the University and the town are cooperating and providing incentives for an intellectual center and research and development hub. Mr Howland said some major capital improvement projects would be coming through the Planning Board; that is the core function of the town. The CIP needs to be accomplished without burdening the taxpayer. If the downtown development hadn't occurred, the options were to defer development or raise taxes.

Ms Humphrey had previously worked in Rochester, an industrial and manufacturing community, where she had recommending creating a branding as “the community that makes things”. She sees branding Durham as the intellectual and research and development center, and believes it is “the community that thinks things”; the town does not want to be an industrial center. Clarifying what the town wants, identifying the relative locations, and adjusting the zoning as may be appropriate to make that happen is the task for redoing the department business plan in 2017. For example, identifying where office space would be desirable, and then looking at the zoning to see whether that use is already allowed in that location or there needs to be a revision. Mr Howland commented that Durham is already very environmentally conscious so low impact is important. Manufacturing is more high impact while downtown is low impact. There should be incentives for downtown redevelopment of property that is already there, so a business would not have to move away.

Ms Humphrey noted that RSA 79 allowed for incentives, which the town could make use of, for existing downtown property that could encourage local businesses; the space is there. Mr Parnell recalled that incentives used previously for several downtown

properties had created some of the current difficulties. If a business had not already taken advantage of an incentive, it could not do so now. He felt it would be premature to change the zoning. Ms Tobias wanted to retain the small downtown feel; big projects may be too much. Ms Humphrey agreed that there were several downtown properties in need of attention and thought the zoning incentives could be reviewed. Mr Parnell wanted a little break to analyze incentives used during the last 5 years before attempting to adjust the zoning. Ms Tobias said that Durham is very sensitive to aesthetics and the quality of life, and shies away from big development; the focus is on the small town feel. Suddenly there are some big projects and this felt like too much for longtime residents. It will take time to look at this. Mr Howland said the Mill Road Plaza is a big redevelopment project and will influence future downtown building projects. Mr Parnell said they need to show some progress and submit the application; he thought they could come to the Planning Board in October.

Ms Humphrey asked for thoughts and ideas from the Committee on the draft department plan, and would also work as a team with other departments. Durham did not need a full-time economic development director if it worked collaboratively. Mr Brown asked how economic development was done before. Ms Humphrey said the Planning Board, code enforcement, fire department, and public works each did a part of business development, and continue to assist businesses. She is working with the departments. Mr Rodon asked about housing occupancy rates. Ms Humphrey thought the new downtown student housing was filled and they were working on the 2017-2018 occupancy. Residential housing redevelopment needed to be addressed. Ms Tobias thought that the older, larger homes along Madbury seemed occupied, and wondered about studio rentals that had been serving as income for owners. Mr Brown had seen some rental signs along Route 108.

Mr Howland thought it would be interesting to see if any family homes with student rentals had been purchased for redevelopment. Mr Rodon thought that would open up rentals for families. Howland said after the Wedgewood neighborhood had been redistricted, the student population in the Moharimet school went down from over 400 to 376, although the capacity was 340. The Mass Way school population had been declining and this year was projected at 270, but actually is 320. It was thought the elementary schools would have a precipitous drop-off due to declining birth rates, but they seem to have stabilized. During the last few years, in Ms Tobias' neighborhood several larger homes owned by older residents had been purchased by families with students. Ms Humphrey will research the statistical data from realtors.

Mr Brown asked if the Young Drive buildings that look abandoned had been student housing. Ms Humphrey understood that this year one student and a couple of families had been occupants. Developer Francis Chase seems intent on creating high-end senior housing at that site with condominiums selling in the \$340,000 range. Ms Humphrey said given the downtown redevelopment, it would be appropriate for the EDC to look at residential needs. Ms Tobias thought that given options potential student renters would choose residential units with higher standards. Ms Humphrey commented that with more students in town competing for residential units should be greater; marginal units would be less desirable. Mr Rodon asked about the potential for more than 270 student housing units in the Mill Road Plaza. Ms Tobias said these units would be rented at market rates. Mr Rodon asked if these units could also be housing for workers. Mr

Parnell said that was not the intent at this time. Ms Tobias wondered about exploring whether existing housing could be converted to student housing.

Mr Rodon asked if the UNH Wildcat shuttles could pick up shoppers in the downtown parking lots, although the timing might be a problem. Ms Humphries thought that were fewer shuttles now that so many students lived in the downtown; students have relocated from Dover, Newmarket etc. Mr Rodan suggested looking into the capacity of the shuttle buses, and whether they could be kept busy serving workers in the downtown or as shuttles from outlying parking areas. Ms Tobias also suggested inquiring with the COAST bus system. Ms Humphrey will check into the possibility for establishing downtown shuttle routes.

7. Letter of Support for UNH Main Street South Sidewalk Grant

Ms Humphries called attention to the proposed letter of support requested by the University. This is also a benefit to the town as it would improve some sidewalks.

Motion	Allan Howland	to accept the letter of support for the UNH Main Street Sidewalk Grant as written by the Economic Development Director.
Second	Raymond Rodon	Approved: Unanimous

8. Economic Development Presentation to Planning Board and Town Council

Ms Humphrey distributed an outline for the EDC presentation that she has been asked to give to both the Planning Board and the Town Council (October, November). This would define the purpose of the EDC as to improve the Community’s well-being, increase the tax base, and especially to maintain and improve Durham’s quality of life. Most communities have 70% residential and 30% commercial property. Durham includes student housing in commercial and is close to that ratio.

The first step is to inventory the town’s assets of which the University, with 4,000 workers, is the largest employer on the Seacoast. There is substantial open space and conservation land, a quality school system, and a highly educated workforce. Durham has responsive and progressive local government that is proactive about making improvements.

The opportunities are for technology types of companies including more research and development capitalizing on the IOL and University presence, retail, restaurants, more student housing, gradual addition of companies in the manner of the development at Pease, selective downtown redevelopment with businesses catering to residents and seniors, redevelopment of existing student housing, senior housing, and gradual redevelopment of existing commercial property. The best redevelopment capitalizes on the UHN capacity. For example, the conversion of the old town hall with a university

connection is the type of redevelopment the town wants. A Business Center would compliment that purpose.

Ms Humphrey believes that the EDC's strategic value is to review the zoning to identify existing or potentially needed incentives and, make thoughtful suggestions on how to implement those it wants to promote. For example, economic development could support Durham agriculture; perhaps there would be merit in changes that would enhance downtown redevelopment such as a mixed-use office building. Mr Howland said there was a negative stigma attached to "economic development". To have a chance to be successful, any recommendations have to be presented as an improvement that matches the community goals and serves to make life better for residents. If people think things will be worse, nothing will happen. Mr Brown said any EDC zoning recommendations had to be shown to be aligned in support of those wants and needs.

Ms Humphrey said that the community goals should be clearly articulated and a strategic plan developed to achieve them. The crucial contribution from the EDC would be providing thoughtful analysis as to how any recommended land use change would better meet the town's goals and needs. She recalled that doing the economic development chapter of the Master Plan had been challenging and controversial and she has rewritten the vision section emphasizing that the business plan and presentation will reflect this community's values. Additionally, developers coming to Durham do not aggressively try to avoid the regulations; they come to Durham because they want the town's quality determinations. As there are quite a few new businesses, the presentation will include some photos of what has been accomplished during the last 2 years.

Ms Humphrey said that after 2 years in Durham, she could articulate the community goals and devise a strategic plan. The purpose of looking at potential incentives would be as enhancements for retaining jobs and, in particular, attracting new higher paying job opportunities based on the intellectual capacity of employees, and available amenities like an art center. Additionally, this would mean investing in business amenities, arts and cultural activities, and possibly utilizing the Tax Increment Financing District (TIF).

Ms Humphrey anticipated that potential projects going forward in 2017 would include Mill Road Plaza, Young Drive, 66 Main Street, and the Business Center. Mr Rodon asked about the status of the potential senior housing redevelopment proposal for Young Drive. Ms Humphrey explained that Francis Chase came to several meetings, once bringing his financial people, and assured that he will bring in this proposal for high-end condominium units in six large buildings. Applications need to be submitted for approvals and permits within a short time. All the pieces have to fit to make a project economically feasible.

Ms Humphrey asked for comments from EDC members, visualizing a team effort with staff and townspeople. Government is the leader in creating jobs and had invested in the Economic Development Director. Her role is to facilitate jobs and development in a manner that includes the efforts of many departments – to facilitate what's possible. Mr Parnell commented that it would be a good presentation and asked that reference to things that are not wanted be removed, as people may differ. Ms Humphrey commented

on the crucial relationship between the EDC and the Planning Board – they needed to be on the same page.

9. Round Table Discussion

Mr Parnell reported that the Planning Board had cancelled its last meeting; the next meeting would include a Tax Increment Financing (TIF) presentation. The Mill Road Plaza proposal would return in October, which will be after the technical reviews.

Mr Rodon noted that the Minutes of the last meeting detailed parking concerns of downtown businesses. Given the discussion at this meeting, it is very important to address this problem, and hoped that 66 Main Street would offer additional parking. Ms Humphries said that 66 Main Street would have parking adequate for its tenants, but was not likely to have excess spaces. Ms Tobias said town-wide parking needs had to be addressed, perhaps even a garage or giving more leeway to business parking permits. The need was for more accessibility to businesses.

Ms Tobias complimented the Conservation Commission for creating awareness by mapping through the Trail Finder which covers the whole country, and creating a website. The Stewardship subcommittee, which manages the conservation land, may be considering hiring someone to help out. There is a lot of work to be done and a lot for Public Works to do. Mr Brown asked about a Farmer's Market. Ms Tobias hoped this could be year-round especially since that there were now so many more students in town; parking would be an issue.

Mr Howland reported that the Town Council is considering the potential for an addition to the back of the Police Station to fix the facility to meet the needs for the next 20 years. The Council approved drawing up the warrant. The location, with access to Route 4, is very good. The building has been cost effective, but has outgrown the needs and every space is very jammed. The goal is for a January 2017 public hearing(s) to expand the locker rooms especially to provide adequate space for women officers, to create a holding area with a secure garage, and to expand the storage for files that need to remain. In a walkthrough with the Police Chief, he could see that the evidence room is inadequate for maintaining the chain of evidence. Every nook is used. The bonding would be \$1,980,000. Tobias said the department is marketing this proposal with a video.

Mr Rodon asked about adding on or building a new Fire Station. Mr Howland said it was on the list, but a far greater priority is the Oyster River Middle School especially in re classroom size. With many additions, the roof comprised about three football fields; the building is just not viable. Presentations for replacing the facility will be coming in the fall. Discussions were held with Newmarket, Northwood and Barrington about accepting students for revenue producing tuition payments. Barrington has formalized an agreement to send 114 to 125 students at a stipulated tuition per student, which brings in a lot of revenue. This has stabilized the high school population, with 780 students. The new donated track will open on Saturday; currently the sod is being treated.

Mr Brown said Durham Days was a good event; the Conservation Commission's trails map is helpful. However, parking is the big issue. Mr Howland will bring the parking concern to the Town Council. Ms Tobias emphasized the business concerns about

parking. Ms Humphrey suggested a group might be formed with representatives from EDC, the Town Council, and others to focus on the parking problem and develop options. Mr Rodan thought such a group should include business owners who deal with having to move cars all the time.

Ms Humphrey will identify additional businesses for continuing the EDC visits. The next Spotlight would be on Durham Geeks. The 100th anniversary of Young's would be another good business story. She is working with Craig on the Website which needs a lot of improvement. Mr Brown said a proposal for a performing arts venue was denied.

10. Other Business

There being none.

11. Adjournment

Motion	Allan Howland	to adjourn the Economic Development Committee meeting at 9:38 AM.
Second	Raymond Rodon	Approved: Unanimous

Respectfully submitted by,

Barbara Kravitz, Recording Secretary
Town of Durham Economic Development Committee