

# *Approved - February 28, 2011*

**Economic Development Committee  
Monday, January 31, 2011  
Town Council Chambers, Durham Town Hall  
7:00 PM**

**MEMBERS PRESENT:** Susan Fuller, Thomas Elliott, James Lawson, Yusi Wang Turell, Ute Luxem, Jim Campbell, Doug Clark\*(arrived 8:45 pm)

**MEMBERS ABSENT:** none

**ALSO PRESENT:** Mike Sievert, Mark Devins, Todd Selig, Pete Murphy, Kitty Marple

## **I. Call to Order**

Chair Tom Elliott called the meeting to order at 7:05 pm

## **II. Approval of Agenda**

*Susan Fuller MOVED to approve the agenda as written, this was SECONDED by Jim Lawson and APPROVED unanimously.*

## **III. Public Comments - none**

## **IV. PRESENTATION:** Peter Murphy to present his proposal for redevelopment of the Grange Hall.

Chair Elliott said he participated in a walkthrough of the building with Pete Murphy and realized that some possible uses for the building may be in competition with his business. He said he wanted everyone to be aware of this and if anyone feels it is a problem and would like him to recuse himself he will do so. No one asked Chair Elliott to recuse himself.

Pete Murphy introduced himself noting that he owns a student housing building at 22 Rosemary Lane. He briefly outlined his proposal for the Grange Hall building saying his intent is to rebuild the structure by investing \$275,000 into renovations. Mr. Murphy said he proposes to renovate the building structurally and create commercial space on the first floor with two students apartments located on the second floor and a 20% of the back of the first floor. He said his plan includes managing the rental units (paying a monthly stipend to himself from the operating budget of the Grange). Mr. Murphy said he foresees taking 8-10 years to pay off the note required to finance the renovations after

which he will begin to pay the Town of Durham rent for the use of the Grange building. He said at that point the Town of Durham will have the use of a functional building. Jim Lawson asked if any thought has been given as to what type of commercial entity would be appropriate for the 1200 sq ft space. Mr. Murphy said he considers an ideal client for the space to be a business providing a professional service to the people of Durham, such as an advertising agency. Mr. Lawson asked about the two options being proposed for the building; 1) lease option described earlier and 2) purchasing the building. Mr. Murphy replied that he has made both options available to the Town and offered to purchase the building and property as is for \$325,000 and if he is allowed to build on the lot in front of the building he would offer \$400,000. Mr. Murphy and the members discussed the options available if a major redevelopment is undertaken with the Mill Plaza that would benefit the use of the Grange property. Mr. Murphy said the leasing option would make it possible for the Town to regain control of the property to be used in the redevelopment of the Mill Plaza if needed.

Yusi Wang Turell asked how confident he is about renting the commercial space. Mr. Murphy said since he is attempting to begin paying the Town rent as soon as possible he would like to rent the commercial space to what will bring him the most income. He said if the commercial space is empty for a period of time it will not impact him paying back the note, but would affect how much he is able to pay himself for managing the property. He said there have been some suggestions to use the commercial space in a more creative way – such as meeting space for the town.

Chair Elliott asked if there had been any thought about the apartments being geared toward a young professional rental. Mr. Murphy said the economic factor of the difference in rents would require that the proposal be rethought. He noted that the original proposal was for three apartments in the building, which expedited the amount of time needed to pay off the bank note (from 8-10 years to only 6-7 years). Mr. Murphy said theoretically it would be possible for one of the apartments in the current proposal to be geared towards young professionals or families. Ute Luxem noted that the property would provide good access on the first floor for a handicap accessible apartment and asked if any thought was given to using the first floor as a handicap accessible apartment. Mr. Murphy agreed that the front lot would be appropriate for a ramp and noted that commercial space located there would be handicap accessible. He said he does not know if there is a market for a handicap accessible apartment.

Chair Elliott brought up the topic of to what extent the renovations would be done. He asked if the structural problems with the building would be repaired to the extent that the building will be standing for another 100 years. Mr. Murphy said he has gone through the building with his builder, Tim Noonan and his contractor, Mike Sievert and explained that the building will be stripped, including repairing the foundation. Chair Elliott asked if \$275,000 will be enough funds to completely renovate the building. Mr. Murphy said in an attempt to keep the costs low, he will be acting as the general contractor for the project. He said his team has set \$70/sq ft as the cost for rehabilitating the building. Chair Elliott asked if the costs are significantly more than budgeted how it would be funded. Mr. Murphy said if that were the case he would hope to be able to attract a

commercial tenant for the first floor for a higher rent. He noted, however, that his team has been through the building and will be going through it again and feel that the cost estimate is accurate. Mr. Murphy said if funds become an issue priorities will be set for renovating; repairing the foundation and meeting codes will be the highest priority and cosmetics of the interior of lesser priority. He noted the building on its own is a dramatic space without many cosmetic details being added. Jim Lawson said he understands the concerns being raised by Chair Elliott, but feels Mr. Murphy and his team has building experience and can be trusted to estimate the costs.

Mr. Lawson asked if the path going from Main Street to the Mill Plaza will be kept available for the public to use. Mr. Murphy said he does intend to keep the path open.

Mr. Lawson said he feels the possibility of the 1200 sq ft of commercial space on Main Street is intriguing. He said the space has some limitations, but also some unique attributes and could be suitable for many situations that could benefit the community and University students. Mr. Lawson said he hopes some emphasis will be given to using the space in a way that will in some way benefit the community.

Town Administrator, Todd Selig said he has spoken with Mr. Murphy about the use of the space. He said he is looking for feedback regarding this from the Committee. Mr. Selig said the first floor space could be used as community meeting space for Town groups and committees. He noted the Town does not have sufficient meeting space at the moment for all its boards and committees. Mr. Selig said another option is partnering with the school district to be used for special needs students and/or vocational students or to be used as a space for an art gallery that could be managed by the students and double as a community space. He asked for the members to give him feedback on whether they feel the space should be used for commercial use or as a community based space.

Jim Lawson said his concern is that the space has value to the residents in the community. He suggested that a better use for the space would be for a professional service business rather than another bar in downtown. Mr. Lawson said using the space for a community space would also be a good use and would keep Durham connected to the Grange. Susan Fuller said there is no parking associated with the building and this may make it difficult as a meeting space. Mr. Lawson said most meetings would take place in the evening when parking in the Post Office parking lot would be available, as well as the Store 24 parking lot. Yusi Wang Turell said the historic structure of the building provides a reason to use it for community events, but she sees the space as an opportunity for Durham to have a successful commercial development downtown. She said, if there was a community serving business in the space it could start the moment towards more Main Street development. Susan Fuller said she agrees that a community space is important, but would like to see the downtown commercial core extended to include community based businesses. Ms. Turell asked if the new library will have meeting space. Mr. Selig said meeting space is being planned for the library.

The members discussed with Mr. Murphy and Mr. Selig the possibility of having a longer term agreement, but still retaining the flexibility to be able to buy out Mr. Murphy's

position in the Grange building if an economic development arises that requires the use of the Grange. Mr. Selig said he is concerned that Mr. Murphy will be putting in a tremendous amount of time and effort into the project and it would be appropriate to have some sense of stability to move forward with the project. Mr. Murphy said he does not want to be worried about what the neighboring properties are proposing with regard to use of the Grange building. He said if there is a major renovation of the Mill Plaza and the Grange property would be beneficial to the project he would be agreeable to helping out. Mr. Murphy said if a decision is made to take down the Grange building he would like to paid for the money he still owes on it.

Jim Lawson said the expertise of the town administrator and the town's business manager is needed to determine what is more beneficial to the Town, purchase or lease. He said the first analysis seems to be that lease is the more financially attractive arrangement.

Susan Fuller said the Town should consider the historic value of keeping the building and having it renovated.

Mr. Selig said the next step is to negotiate with the input from the Town Council and then seek their approval. He suggested that it may be possible to bring a proposal forward to the Council by later in February.

Tom Elliott brought up the idea of the project having a preferred time line. Mr. Murphy said the window of opportunity to begin construction to maximize the opportunity presented by the student rental units is in the next few months. He explained beginning construction shortly would allow the apartments to be listed and rented for fall 2011.

Jim Lawson asked Mr. Selig if the Town can continue to defer maintenance on the building indefinitely. Mr. Selig responded that the building is suffering from the maintenance being deferred. He said the Town has chosen not to invest money in the structure due to the uncertainty of the Mill Plaza redevelopment. Mr. Selig noted that the redevelopment of the Plaza has stalled and the town has a structure in the core of the downtown that is vacant and doesn't look very attractive and is not supporting the downtown in any way. He said the Town has been looking for ways to bring the building back to life through private investment. Mr. Selig said the town can continue to defer maintenance, but will need to invest something at some point. He said he believes renovating the building can be a draw to bring people downtown; saying the building has a certain character specific to downtown that can improve the downtown.

Ute Luxem said she recommends that the committee support this plan as the 15 year lease option and leave the space downstairs first as commercial and secondly as a community space.

Jim Lawson suggested that the committee support the effort of the Town Administrator to work out the details of the proposal to be presented to the Town Council and express their support for the private partnership that will renovate and maintain the Grange building.

Ms. Luxem agreed saying the committee should state general support of the proposal and allow the best use for the first floor to be determined by the market.

Tom Elliott thanked Mr. Murphy for his time.

#### V. Approval of Minutes 11/22/2010

Jim Lawson MOVED to approve the November 22, 2010 minutes as written. This was SECONDED by Ute Luxem and APPROVED unanimously.\*

\*Susan Fuller abstained from voting on the minutes and Jim Campbell abstained from voting since he was not present at the November meeting.

#### VI. Committee & Staff Roundtable

Jim Lawson presented an update on Pettee Brook, parking meters and a possible garage. Mr. Lawson said the “Friday Updates” provided a good summary regarding parking. He explained that the consultant will be looking at different options to determine what will be the best option for parking kiosks to be used on Pettee Brook Lane and on Main Street. Mr. Lawson said the Town will be holding a mini Charette on a possible parking structure/Fire Station on March 2<sup>nd</sup> at 7 PM.

Yusi Wang Turell presented an update on visitation to businesses and market analysis. Ms. Turell said the Business Visitation program has collected both quantitative and qualitative data. She said the numbers need to be evaluated. Ms. Turell said she spoke with the consultant from DCI who is conducting the market analysis. She said he felt the data from the survey results will be a good compliment to his findings. Ms. Turell said they envision the visitation project finishing within the next couple of weeks. She said a draft should be ready to present to the Committee at the February 28<sup>th</sup> meeting and make a presentation to the Town Council in March. Ms. Turell thanked the volunteers for all their efforts.

Yusi Wang Turell reported on the Business and Industry breakout session. She said there were approximately a dozen people present and that there was a good energy among the group. Ms. Turell said the top four themes presented at the forum were: (1) the desire for continued investment and density around community space and housing, (2) the idea that was deemed most impactful and most feasible was an economic development director that would more actively recruit businesses to Town and help shape the future, (3) the idea of UNH as a vital partner and the vision of Durham being the first choice for businesses spinning out of the university or businesses who come to do business with UNH seeing Durham as a welcoming place and (4) transportation and parking imperative – recognize the importance.

Ms. Turell said she was heartened by the thoughtful contribution by a wide range of people attending the forum.

Jim Lawson reported on the housing breakout group. He said there were approximately 16 people present who put in a great deal of energy into addressing a number of different themes centered around creating an environment that would allow a diverse set of needs.

Ute Luxem reported on the planning and zoning breakout group. She said this was a gathering of a large number of people and was a very diverse group; many of whom were concerned about natural environment and sustainability in the area. Ms. Luxem said one question raised was if Durham should be sustainable and use farmland for farming rather than economic development. She said there was a strong sense that the water shed and the natural resources should be protected in the area and that Durham should focus on becoming a farming community again. Ms. Luxem said concerns were raised about economic development; there were a variety of concerns and thoughts.

Susan Fuller reported that she also attended the housing breakout group. She said there was a great discussion and there was consensus for diversification in the Town's housing. Ms. Fuller said three points were raised; (1) create the environment to allow for diverse housing, (2) discuss student housing in relation to our neighborhoods and (3) discuss living together with the student population. She noted that the information from the breakout groups will be compiled by UNH extension.

Jim Campbell reported on the Master Plan and gave Planning Board updates. Mr. Campbell said UNH cooperative extension will provide him a summary in a few days from the information gathered at the breakout meetings. He said within 30 days they will provide a full report which will include comments from all the breakout groups.

Mr. Campbell said the Survey Committee will meet Wednesday at 5 pm. He said the survey will be available online for three weeks. Mr. Campbell said all results will be given to a consultant who will work on drafting the chapters for the Master Plan update.

Mr. Campbell reported that the Planning Board is busy with the Capstone application. He said the Planning Board hearing will be continued to February 9<sup>th</sup>. Mr. Campbell said Capstone will also be requesting an appeal of the aquifer district boundary through the Planning Board, which will also need to go before the Town Council. He explained this will be discussed at the February 9<sup>th</sup> meeting and then be sent to the Town Council with the Planning Board's recommendations.

Mr. Campbell reported on the Commercial Core Strategic Plan. He said DCI contacted him with questions, comments and items to be answered from comments made by the EDC. Mr. Campbell said he will be reviewing these and responding to DCI.

The members discussed the appropriate timing for release of the market plan in relation to the Master Plan update survey. Yusi Wang Turell suggested that it would be helpful for the community to receive the results of the market analysis prior to completing the survey.

Jim Campbell said the committee is reconciling the questions and attempting to produce a concrete survey, but it is quite possible that the market analysis will be completed before the survey is completed. Jim Lawson said there has been a lot of time and energy put into the questions and now the group is attempting to bring all of the information into a cohesive form. He said his estimate is that it will be March before a draft will go to the Planning Board. Yusi Wang Turell suggested aiming for a presentation to the Town Council from the EDC that includes the presentation of the DCI report and the visitation findings in mid-March and for the survey to be released after that. Todd Selig said it will be helpful to have the information before taking the survey. He suggested that it would be helpful to have the information a few weeks before the survey.

Chair Elliott reported that there are three food service business slated to open in the downtown area; two at 8 Jenkins Court – a new pizza restaurant and pub (Clementos Pizza, with a location also in Rochester) and a soup restaurant (What A Crock, with a location also at Pease) and a Cajun restaurant at 10 Pettee Brook in a non permanent structure. Jim Campbell said the proposed restaurant at 10 Pettee Brook will be a concession type establishment with a permanent trailer located on the back side of the Costa property with the hope that the business will build up a following that will allow them to move into a more permanent structure.

Chair Elliott reported that the deadline for the “Request for Quote” related to energy saving and climate impact consulting is Friday. He said the Town expects to get some responses to this RFQ. Todd Selig said the Town has been pleased to receive inquiries from 2 or 3 companies that are new to the Town.

Chair Elliott reported that he recently visited the IOL (Interoperability Lab) at the Goss Building. He said he was given a tour of the facilities by Eric Johnson and was told that the facility caters to big name technology firms around the world. He suggested it would be useful to have them make a presentation to the EDC.

Chair Elliott reported that he attended the first of the Catalyst Seminars which are designed to reach the business community in Durham and how UNH commercialization efforts are available to the community. He said there were 40-50 people at the event and the next seminar will be on intellectual property. Chair Elliott said the goal of the office is to bring the community into UNH.

#### VII. Presentation: Jim Campbell and Todd Selig to present on the potential for a Tax Increment Financing District (TIF) for Downtown Durham

Jim Campbell presented a power point presentation explaining Tax Increment Financing District (TIF)...what it is, what it does.... as well as a draft of a development plan and tax increment finance plan.

Mr. Campbell said a Tax Increment Financing District (TIF) is a financing and investment tool which provides funding for public improvement that would not occur without the TIF. He said it does not change zoning requirements, increase taxes within

the district, create special fees or assessments or change property rates. Mr. Campbell explained that such a district is established by a vote of the Town Council. He said a base value for the district is certified and any future increase in value due to development is identified as “captured assessed value” and taxes from that increase can be used when approved by the Town Council. Mr. Campbell said any portion from the captured assessed value not needed, will be returned to the general town fund or tax list. He said the Town must certify the captured assessed value annually and the tax revenue from this new structure can be used only for implementation of previously planned improvements in the district as approved by the Town Council. Mr. Campbell said once the improvements have been paid for the TIF will no longer exist. He noted that TIF districts can allow for improvements with no increased tax burden to the town, while at the same time expands the town’s tax base. Mr. Campbell said the Town Council designates a district and describes the boundaries for the district, and specify what improvements will be done, adopt tax increment financing plan. He noted all of these steps need to have a public hearing.

Mr. Campbell said a TIF district does not prevent the Town from accepting federal assistance. He also noted that a portion of the captured tax may be shared with the County and the School District, but the Town is not required to do this.

Mr. Campbell said the Town Council must designate a district administrator (possibly the Town Administrator) whose duties will be delineated by the Town Council. He said a report on the district must be included in the annual Town Report and that the Town Council must also appoint an advisory board which partially consists of residents/owners in the district or abutting district. He said the Advisory Board advises the Town Council and District Administrator and if there is any disagreement the Town Council has final authority.

Mr. Campbell noted that the benefits of a TIF district is that community development is encouraged in appropriate areas, the tax base is expanded and diversified, public improvements are made without increased tax rates and the General Fund revenues increase.

Kitty Marple asked if there are examples of Towns where TIF districts did not provide the extra revenue expected for a municipality. Mr. Campbell said an example of this happened in Manchester, but since the developer was bonded with a letter of credit to ensure he would make payment of the bond, the City did not have to repay the bond, the developer repaid the bond.

The members and Mr. Campbell discussed one of the Town’s previous TIF district’s which was established to extend sewer/water access to the development. Mr. Campbell explained that the developer did not feel capable of providing cash bonding for the utilities access and offered the Town title to lots of land in the development in place of the cash bond, the Town and the developer never came to an agreement on this.



Mr. Selig cautioned that if the Town bonds money up front, they need to be sure we are insulated in case development does not go forward or the numbers do not work out as projected.

Jim Lawson said there are some misperceptions about TIF districts by business owners in the downtown area. He said there is the concern/belief that the Town can take private land by eminent domain for private development. Mr. Lawson explained that statute says that the Town cannot take land by eminent domain for private use, only for public use. Mr. Selig confirmed that was correct.

Ute Luxem asked what kind of improvements are envisioned for the district. Mr. Selig responded that this portion of the plan need to be further refined. He noted there has been discussion of instituting 2-way traffic pattern, construction of sidewalks, improved lighting, water and sewer services being placed underground, acquiring property for redevelopment, a downtown parking structure, a combined fire station/parking structure.

Ute Luxem noted that it is usually an anchor tenant that needs specific services that guides the improvement plan. She noted this is not the case with this district and asked how the downtown businesses feel about possible improvements through a TIF district. Mr. Selig said nine months ago the envisioned anchor tenant was a new hotel that would need parking. He noted that project has been slow in coming forward and at the moment there are no concrete plans. Chair Elliott said there would not be much of a tax implication to the downtown businesses.

Mr. Selig said he envisions the TIF district capturing the increment and investing it towards long range community goals. He said the argument for instituting a TIF district is that the Town will not have the needed dollars quickly enough without the district to make improvements. Mr. Selig agreed that it would be better to have a nexus to drive the improvement plan. He cited the example of the town of Peterborough which wanted to make improvements to their downtown in the long term. He said the Town banked the money and then made changes, but did not initially have the plans laid out in detail. Ms. Luxem asked how long this project took. Mr. Selig said 10 years.

Doug Clark noted that timing is very important with the concept of a TIF district. He said a town with an older building stock has the likelihood of people needing to renovate which can create more revenue. Mr. Clark said the infrastructure improvement can create growth by attracting more business.

Chair Elliott raised the question if TIF funding can be used for a public improvement that is later partnered with a private entity; such as the construction of a parking garage that is then managed by a private entity. Mr. Selig said he believes TIF funds can be used to help leverage construction costs and then a tax agreement can be made with the private developer operating the business or a long term lease agreement could be made with the developer making payment to the Town in lieu of property taxes. Chair Elliott asked if the same principle applies with regard to constructing a new building that is then sold and the developer buying the building is taxed. Mr. Selig said he feels if the proceeds from

the sale of the building goes back to the TIF district it would be equitable. Doug Clark said purchasing large pieces of land, building streets, dividing into lots and selling some of those lots would also be a reasonable use of TIF funds.

Chair Elliott noted that many communities successful in using TIF district funds also have a companion non-profit development corporation helping to guide them. He asked how important this might be. Mr. Selig said only the Town Council can accept property for the Town, but an Economic Development Corporation could acquire land and then sell it to the Town. He noted that the town of Newmarket has an Economic Development Corporation that has been effective.

Chair Elliott asked what the next step would be in getting a draft before the Town Council. Mr. Selig suggested that it would be helpful to have a few members of the EDC meet with Jim Campbell and himself to further discuss the concept of a downtown TIF district. He said then he and Mr. Campbell would write up a draft and bring it back to the Commission for their comments.

Doug Clark asked if the Master Plan needs to be updated before the Town can move forward with a TIF district. Mr. Selig said he feels the Master Plan has been consistently supportive of improving the downtown core.

Chair Elliott asked Doug Clark what big picture projects he would like to see TIF monies used to fund. Mr. Clark said he would like to see more street frontage than just Main Street. He would like to see little side streets which would provide access and character, as well as spread out vehicle traffic and parking on more than just Main Street. He said he feels this is an opportunity to rethink the layout of downtown. Chair Elliott said it would be possible to collect TIF money to be ready to respond to a developer's need that fits within the vision. Mr. Clark said some percentage of the funds could be used to support a big anchor, but would also need a spring board into creating a quaint, robust, diverse town that is made up of businesses that residents desire. He said this requires infrastructure investment and rethinking streets, parking, access, pedestrian way, public restrooms to make it more convenient to be downtown. Mr. Selig suggested increasing bicycle friendliness and mass transit would be desirable as well. Mr. Clark said he feels a series of meetings looking at sections of the area and deciding what should come first and what should have the biggest payback would be a reasonable approach.

Chair Elliott and Doug Clark volunteered to be members of the adhoc group assisting Mr. Campbell and Mr. Selig with moving forward with a draft to be ready for the March meeting. Susan Fuller asked to be informed when the group would be meeting and would attend if possible.

#### VIII. Discussion about the Dover NH economic development structure as presented by Dover Economic Development Director, Dan Barufaldi, at November meeting and its potential for Durham.

This item was deferred to a later date.

- IX. EDC Committee Review: Discussion of our structure, positions, and work and how we can adjust and improve. Discussion regarding the need for a committee Vice Chair.

This item was deferred to a later date.

- X. Next Agenda and Assignments (Monday February 28, 2011)

Susan Fuller MOVED to adjourn the January 31, 2011 meeting of the Durham Economic Development Committee meeting at 10:00 pm. This was SECONDED by Jim Lawson and APPROVED unanimously.

Respectfully submitted by,

Susan Lucius, Secretary to the Durham Economic Development Committee