

These minutes were approved at the May 23, 2011 meeting.

Durham Economic Development Committee
Monday, April 11th
7 pm - Council Chambers

Members Present: Jim Campbell, Susan Fuller, James Lawson, Yusi Wang Turell, Thomas Elliott, Ken Chadwick, Ute Luxem

Others Present: Ian Colgan, Todd Selig, Malcolm McNeil, Julian Smith, Robin Mower, Doug Clark, Jay Gooze, Diana Carroll, Charlie Colgan

Chair Elliott called the April 11, 2011 meeting of the Durham Economic Development Committee to order at 7:08 pm and announced that the next meeting of the Durham Economic Development Committee would be on May 23rd, 2011

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

Minutes of March 28, 2011:

Jim Lawson noted the correct spelling of the firm Sora on page 5.

*Ute Luxem MOVED to approve the minutes as amended. This was SECONDED by Jim Lawson, and APPROVED unanimously. *Susan Fuller abstained, as she was not present at the March meeting.*

Chair Elliott asked for any public comments. There were none at this time.

- I. Business Visitation & Retention Program Presentation – Yusi Wang Turell will present results/findings from the Business Visitation & Retention interviews & surveys.

Yusi Wang Turell reported the results of the Business Visitation & Retention interviews and surveys. She said a survey had been sent out to businesses before she joined the Economic Development Committee. Ms. Turell noted that 18 volunteers conducted 70 face to face interviews and that an anonymous survey was distributed as well. She explained the point of the visitation program was to learn about experiences Durham business owners have had, why they came to Durham, experiences they have had with Town services and what they saw as the strongest leverage points for Durham's future. Ms. Turell said one goal of the program was to strengthen the relations between Town staff, volunteers and the business community; as well as to hear input from the full business community; not just those that come to Town municipal meetings. She said the report includes a list of businesses in Durham and includes restaurants, real estate rentals, personal services, and retail. Ms. Turell reported that there are 20 businesses that are categorized as real estate rental businesses and they contribute 51% of the community's tax base. She reported there are 2 manufacturing businesses and the larger Goss Manufacturing

provides 16% of the community's tax base. She also reported that the one elderly facility, Spruce Woods provides 8% of the community's tax base.

Ms. Turell reported that many Durham business owners already lived in town or based their decision to do business in Durham as a family first, business second decision. She said some are also alumni of the University. Ms. Turell said the report showed that the business owners rate themselves as uninformed on economic issues and projects. She said it is clear more needs to be done to keep the community informed on economic issues.

Ms. Turell reported that many business owners feel Durham needs to be more business friendly. She said comments were made that Durham takes the most restrictive interpretation of their ordinances and that Durham is a tough place to do business. Ms. Turell said that whether these comments are impressions or reality; it is important and causes a roadblock for attracting future businesses.

Ms. Turell reported that business owners felt the building inspector should use more discretion and 79% did not feel that zoning and codes in Durham were favorable to business.

Ms. Turell said the owners also felt that commercial space is difficult to find and is expensive and of poor quality. They stated their concerns regarding parking not being of the right type needed and mentioned that better signage is needed for Mill Plaza and Jenkins Court and that there are problems with safety downtown and the general ambiance of the downtown.

Ms. Turell reported that the business owners felt that UNH helps their businesses. She said it was clear in conversations that maintaining the quality of the Oyster River Schools and the quality of life are just as important to residents as tax base issues. Ms. Turell said it was reported that numerous people move to Durham because of the schools, the natural beauty and the history of Durham; so it is important to maintain the overall health of Durham. She said many noted hope for the future and that the climate is more ready for change than it has been in the past 10 years.

Ms. Turell thanked the business owners, the volunteers, the Town Staff, the Durham Business Association and Jim Lawson for their parts in the project. She asked the members and the public for their suggestions for the most effective way to share these findings with the community.

Chair Elliott asked for questions from the committee.

Chair Elliott asked if the business owners had any solutions to the lack of information and awareness of economic development issues. Ms. Turell said the interviewees suggested a targeted website, seminars on how to market, business welcome packages, and more coordinated media coverage of economic issues in Durham. She said there is a sense of confusion about the roles of the various bodies that should be helping businesses. Ms. Turell said there is a hunger for clear leadership and resources in this area. Chair Elliott asked what percentage of business owners are members of the Durham Business Association. Ms. Turell said approximately 40-60%.

Chair Elliott asked for questions from the Public:

Todd Selig asked if the graphic with the different words was indicative of words that were used in the responses. Ms. Turell said the size and the boldness of each word reflected how often it was used in responses.

Malcolm McNeil said he has been a Durham resident since 1973. He thanked Ms. Turell for her work and articulate presentation. Mr. McNeil said he did not find the findings the least bit surprising. He suggested that the report needs to be provided to the individuals instrumental in rewriting the Master Plan. Mr. McNeil said the report is a message from the business community. He said the first item from her findings was that Durham is not a business friendly place and said he feels one way to overcome that is to have a set of regulations that developers can reference and know that if they follow them they will be able to do business in the community.

Mr. McNeil said the data shows that the markets in Durham are the rental market and manufacturing. He said the question becomes does the community attempt to enhance these markets or fill the downtown in the limited space available or explore other options. Mr. McNeil said the Committee should be commended in identifying the salient factors, he asked what will happen after the report is submitted.

Jay Gooze thanked Ms. Turell for the report and the presentation. He noted that item number 6 references concern regarding the downtown ambiance and safety. Mr. Gooze said the Town needs to determine how to get more businesses downtown; and needs to do something about making the atmosphere more amenable to using businesses downtown.

Ms. Turell said she agrees that these are not earth shattering findings; but said she thinks there is something powerful about seeing the words of business owners that live these challenges every day. She said Durham is at a critical point and can chose to do something about this or chose to back away from it. Ms. Turell said each of these points can be an objective launch to a new type of conversation to think about what it will take to make the change.

Ute Luxem said it is one thing to think what the business community feels but it is another thing to confirm this is the case. She said they discovered that a lot of businesses like to do business in Durham even though there is a lot that needs to improve and deliberately chose to come here. She said she felt it was important to determine by business owners own words that the zoning and codes need to be made more transparent in order to attract more business. She said change will not come overnight but can work in that direction.

Tom Elliott said as a Durham business owner now it was interesting to read the report and think how much different it would have seemed a year and a half ago before he was a business owner in Durham. He said he is not sure a year ago that he would have understood or agreed with some of these findings. Chair Elliott said he feels the concerns are dead on; safety, challenges of parking, challenges of dealing with strict code, etc. He thanked Ms. Turell for her work on this project.

Doug Clark said the results are not surprising but it is nice to have them. He said two things that stand out to him are; (1) even though student housing generates 50% of tax base, student housing requires real estate which is why it generates such a large portion of the tax base, but it also causes a negative impact, (2) there is one manufacturing company in town that creates 16% of

tax base and has very little impact on the town. Mr. Clark said this is an area that we could focus on that would improve things in town.

II. Town-Wide Market Analysis Presentation – Ian Colgan, from Development Concepts Incorporated (DCI), will attend to present the results of the Town-Wide Market Analysis.

Chair Elliott explained that a year ago the town decided it was appropriate for Durham to conduct a town wide market survey to gain insight. He said the Town sought out proposals from consultants qualified to prepare this kind of report and DCI was the winning bidder. Chair Elliott said DCI conducted the market study from last fall into January. He said tonight will be the first look at the report which is near its final form.

Ian Colgan said his firm; Development Concepts (DCI) managed a team of people that worked on this market study. He said the market study was to look at the demographic profile and key real estate markets.

Mr. Colgan said there are many types of market analysis and that this market study was performed in the context of a larger project that was proposed to be broken into phases. He said this market study is a bird's eye overview and sets the stage to move forward with a number of studies that dig deeper into some of these areas. He said a number of different sources were used for information and that it is important to consider when looking at the numbers that they represent an order of magnitude (an indicator) and should not be taken as precision.

Mr. Colgan discussed the demographic profile portion first. He said it has been shown that the census undercounts students, particularly students on campus. Mr. Colgan reported that when he used data to separate students and residents; we see 56 to 61 % appear to be students. Mr. Colgan reported that residents of Durham are highly educated and have an extremely high median household income of \$65000 (which takes into consideration student and family households). He said the median family income is \$114,000 and the median non-family income is \$12000. Mr. Colgan said the disposable income is double in Durham than in Strafford County. He said Durham is growing but not as fast as neighboring communities.

Mr. Colgan discussed the economic profile next. He said Strafford county has approximately 40,000 jobs and the fastest growing areas are education and health services and professional and business services. He said manufacturing and trade/transportation/utilities will lose the largest number of jobs. Mr. Colgan said in Durham the most jobs are in the educational services section (3669 employees on the Durham campus); manufacturing (Goss) has the second highest number of jobs and food services has the third highest number of jobs.

Mr. Colgan then discussed the housing market. He said the town is estimated to have 3600 housing units, a gain of 640 units from the last census. He said housing versus demand is equal in Durham while most of the country has overbuilt or over-permitted their housing based on demand from the past decade. Mr. Colgan said it is no surprise that housing costs in Durham are generally higher than in surrounding communities; the costs are generally \$50-100,000 more than nearby communities. He said housing costs present a barrier to residents within the county; it is estimated that the average home sale would require a household income of \$92,000. Mr.

Colgan said this means a resident needs to make double the average wage of the area to afford housing in Durham.

He said given the available information it is estimated that 2600 UNH students live in off-campus housing in Durham and 4300 students are living in off-campus housing outside of Durham. Mr. Colgan said occupancy in UNH dorms is high; above 100% over the last 4 years. He said there is a clear demand for student housing in town, the question is does the community want more students to live in the town of Durham.

Malcolm McNeil asked how many non-students live in Durham. Ian Colgan said between 5700 to 5900 non-students live in Durham and 8200 residents are enrolled in college or graduate school. Todd Selig asked if the students are students living in dorms on-campus and off-campus. Mr. Colgan said 7400 live in dorms or UNH apartments and 2600 students live in off-campus housing in Durham.

Malcolm McNeil said the issue is that for a town of this size (6000 people) it is an issue of how much of the costs of town services gets charged to the residents as a result of the university relationship.

Mr. Colgan next discussed the retail market. He said Durham has a high median income compared to neighboring communities. Mr. Colgan said the downtown is primarily a retail center with food and dining as the largest business, but traditional retail is a small portion of the businesses. He said this signals a gap in supply and demand for retail in Durham. Mr. Colgan reported that \$40 million in retail demand is spent outside of Durham. He said there is a lot of demand in the immediate region that is being spent outside the community. Mr. Colgan said this is an opportunity, but noted that the Town cannot compete with the Mall and big box stores – but said the sheer numbers suggest that with a targeted strategy the retail base could be enhanced.

Mr. Colgan reviewed the retail demand by category. He said Durham residents are 62% of all the retail demand. He said students (off and on campus) account for low amounts of that demand, which enhances the theory that businesses have an opportunity to serve residents and not focus solely on the student. Mr. Colgan suggested that a focused economic development strategy around this could yield more business in retail if adjusted to the proper markets.

Mr. Colgan next reviewed the hospitality markets. He said there are two hotels in Durham (Three Chimneys Inn and Holiday Inn Express). Mr. Colgan said he was given the data for the New England Center by UNH. He said there are 2200 hotel rooms in Durham and the surrounding communities (mostly in Portsmouth). Mr. Colgan said the New England Center closed in June 2010 and the data supplied was not optimistic. He said the New England Center had a 52% occupancy over the last 2 years. He said 70% of the occupancy were groups holding events at the Conference Center. He explained that hotels look for 50-60% occupancy as a minimum. Mr. Colgan then explored the idea of a meeting/conference center. He said there are 4 hotels in the area that would provide competition. He said the former users of the New England Center have found others venues and would need to be wooed back to Durham. He asked if the university can generate enough use for the conference center and noted that UNH only provided 20% of the conference center business at the New England Center. Mr. Colgan concluded that a conference center in Durham would need to work hard to bring the groups that left back into Durham to make a hotel/conference center successful.

Mr. Colgan then discussed the office industrial markets. He said the big players in the market are health services and educational and professional services. He said there is little supply to meet demand of the office market in Durham. Mr. Colgan said there is opportunity, but it is hard to locate in Durham because of the lack of space which is a major hurdle to overcome. He said the Town would need to rely on Durham's local advantages to bring businesses here since there is so much inventory to choose from in other places and so little to choose from here.

Mr. Colgan reported that the infill strategy for the business park and the downtown area is more appropriate for smaller scale businesses. He said the larger businesses need larger tracts of land.

Charlie Colgan said his part in the study was to look at the role of the University as an economic catalyst for the town. He said he worked with Ross Gittell from UNH's Whittemore School of Business and Economics (WSBE). Mr. Colgan said it is clear that UNH as a catalyst for the kind of growth fitting into office space and non-manufacturing commercial industrial development has real potential. He said UNH is very serious about using its research and development activities as a means of catalyzing economic development for New Hampshire and the region. Mr. Colgan said UNH is seriously thinking about the process of commercialization of research.

Chair Elliott asked Mr. Colgan to describe what a Research I University is. Mr. Colgan said a Research I University is where a significant portion of the budget is externally funded by research and supports a substantial number of students. He said UNH is in the smaller tier of Research I University's because of its size.

Mr. Colgan said UNH has a wide ranging portfolio of research activities and has a wide range of activities that have real potential opportunities. Mr. Colgan said UNH is an institution with strengths in the marine sciences and the physical sciences, engineering is in the middle to upper level; and UNH has unique programs (such as the interoperability lab). He said it would take some careful planning to take advantage of these strengths. Mr. Colgan suggested that "Idea Greenhouse" represents the essential starting point for the emergence of a research park. He said this would not necessarily be in real estate, but would serve the purpose of moving research from beginning stage, to testing and prototypes to the market and building the business, to having a business that needs expansion. He said UNH and Durham are well positioned to grow together, but each needs to figure out what part they will play as opportunities occur. Mr. Colgan said that for Durham the opportunities are available in terms of office space; the University will want space to operate some manufacturing types but also want space for development of new ventures. He said the good news is that UNH is serious about this and the town has the opportunity to grow with this.

Ian Colgan reported that he had originally thought that inventory of available land may have been too much of a hurdle for a research park concept, but he found the median size research park is 114 acres. He said there appears to be enough land to consider this, but needs to provide a competitive environment for them to want to stay.

Mr. Colgan reported that there are a lot of opportunities that need a proactive strategy and implementation plan to capture them. He said the Town needs to decide what they want to go after and make it happen.

Recommended needs and next steps:

Mr. Colgan said there is a need for more extensive and targeted economic analysis. He said an action plan that follows a strategy and has the collective support of the town is needed.

Mr. Colgan reported that there may be steps to be taken that are as simple as changing the regulatory environment. He also suggested that adding capacity to the economic group in town is necessary. Mr. Colgan said that could be in the form of an economic development professional or a new economic group. He said these moves would create more staff, time and resources to focus on what the Town wants to do.

Chair Elliott asked for questions from the public:

Jay Gooze said when properties in Durham are appraised for their highest and best use it is usually as rental property and this affects financing options.

Malcolm McNeil said he does not know what to take from the study. He said the bottom line of this study seems to be saying that there are options, but the Town needs to figure out a way to access them. Mr. McNeil said he was expecting the study to state ways to move forward. He said the relationship with UNH has not been the least bit productive. Mr. McNeil asked where is the guidance on how to effectuate change and economic development in this community.

Ian Colan said moving forward from this study is the next part of the process. He said the conclusion of this study is that more effort is needed to decide what the Town wants. Mr. Colgan said the conclusion of the study is that more effort is needed to decide what the Town wants in terms of economic development.

Charlie Colgan said UNH is a definite opportunity to look at. He said research parks are now very common offshoots from research universities. Mr. Colgan said all universities have town/gown issues; but the research does suggest there is some new opportunity at UNH that has not existed before and UNH and Durham need to figure out how to make the opportunity work.

Malcolm McNeil said he would like to know what areas the Town should be focusing on. He said he does not know if that was the question DCI was asked, but it is not the question that was answered.

Ian Colgan said when he spoke with the hiring committee he noted that a market analysis cannot always be taken by itself and there are not always tangible conclusions from the market study, but it may provide direction.

Yusi Turell said Mr. McNeil's point is important. She said we all knew a market study by itself would not be enough. Ms. Turell said the market study provided a better understanding of the external opportunity, but what we are finding is that there is nothing clear in the near future – the decision is within our hands. She said it would be difficult for a part-time Economic Development Director to excel at recruiting and land development. Ms. Turell asked if Mr. Colgan had a sense of 3 or 4 options that would be goals or a course of action.

Ian Colgan said there may be opportunities the town does not want to pursue. He said until the Town decides what they want to do it is hard to match opportunities to actions. Mr. Colgan said he had hoped to go through that in the next phase.

Yusi Turell said it is difficult to know what the Town wants without a sense of what the trade offs are. Ian Colgan agreed and said that would be part of the entire process he proposed – but said this is only the first phase, a second phase is needed.

Chair Elliott said it is clear more needs to be done and asked if there were any comments on what has been prepared.

Todd Selig said he would like to confirm that the scope the Town contracted DCI for is what has been provided. Mr. Selig said this is the first phase of three and noted the Town broke up the process and chose to move deliberately.

Charlie Colgan said what he has heard in the eight to nine months in Durham is that there are four major themes: land, regulation, UNH and students. He said what DCI has tried to do is show each has a role to play and each has an opportunity. Mr. Colgan said the next phase is needed. He said he is impressed by what the opportunities are and by the challenge of mixing four elements into a coherent and widely accepted plan that can move forward.

Chair Elliott thanked Ian and Charles Colgan for their presentation.

Ian Colgan thanked the members for giving him the opportunity and for the insightful and well thought out questions.

Jim Lawson said he appreciates the work and said the study reveals data that will be helpful. He said this is the first time off campus housing supply and demand has been quantified and the first time the retail gap has been quantified. Mr. Lawson said this is also the first time demographics have matched the tax data base and the hospitality data is helpful. He said all opportunities need office space and Mr. Colgan highlights the lack of space; and as Ms. Turell said it is hard to find and expensive. Mr. Lawson said he is concerned that until the Town has a policy that solves that issue that opportunity will not be captured.

Chair Elliott said he would like to have each member express what they feel this report means and generally where we should go next.

Susan Fuller said she thinks it is good data that has not been seen before. She said it is timely that the Town has this data for the upcoming Master Plan. Ms. Fuller said changes to Planning and Zoning is part of what needs to happen and this is a very long process that has been started and hopefully will continue to evolve and change into something more simple and meaningful for today's development process. She said an Economic Development Director could facilitate in targeting changes that need to happen in that process – another tool in the tool box to help with development.

Ute Luxem thanked Mr. Colgan for the information he provided. She said it is nice to have the information compiled in one report and nice to have it confirmed by a third party. Ms. Luxem said the information will be good for the planning process of the Master Plan and for the survey

that will give direction of where people in town want to move. She said the report will also help with changes that the Planning Board will need to make with zoning and code in order to streamline the process and make it more clear for everyone who wants to come to Durham so there are no unexpected surprises.

Yusi Turell thanked Ian and Charles Colgan. She said the executive summary would be what 90% of the people read. Ms. Turell said the Economic Development Committee's recommendations for moving forward will be important. She said the Committee has enough information to write up a one page statement saying what we stand for and are promoting. Ms. Turell said the presentation reinforced the quality of life issues which are real and complicated issues.

Ken Chadwick said his family came to realize that a lot of the opportunities that are available in Durham in terms of how we live; are a lot better than in a lot of communities. He said he is not interested in driving to other communities for retail and hears the same thing from other residents. Mr. Chadwick said he feels from the retail perspective there is a tremendous amount that can be captured; hardware, food, dinner, clothes, beer and wine; and is an opportunity we should focus on.

Jim Campbell said the project was originally proposed as one package; but the town split it up. He said the report does cover what the scope of Phase I was. He said the Town needs to seriously look at what the next phase will be. Mr. Campbell said Mr. Colgan laid out what they felt would be phase II and now we need to think about how to go about doing that.

Chair Elliott said he has watched and participated in this process and learned a lot. He said it is nice to have data and information, but the ultimate message is, it is up to us. Chair Elliott said he feels success depends on support town wide. He said it is clear that success will only come through being proactive and that he recognizes that we need less talk and more action. Chair Elliott said he feels strongly that there is an opportunity in Durham.

Jay Gooze said he feels the next step is to get the Master Plan survey to show what direction the people want to go, but it depends on the citizens of Durham getting behind the direction.

Yusi Turell suggested distributing the findings of the first two reports to engage community members before the Master Plan survey.

Jay Gooze said he is not sure everyone will read the report and suggested distributing the summary. He said he thought the demographic section was tremendous and will be helpful moving forward.

Jim Campbell said the report will be on the website within the next few days and anyone who wants a copy can phone or email and one will be sent out.

Yusi Turell suggested putting up 5-10 talking points in the "Friday Updates", she also suggested having community teas or other forums to assist in getting the information out to the residents.

Doug Clark said he felt the data was good information and that both studies confirm what was believed by the Committee. He said the Town is now faced with a big decision between being

responsive or reactive. Mr. Clark said if the Town wishes to be responsive it will mean implementing a comprehensive plan that attracts industry and includes a comprehensive look at zoning. He expressed his feeling that the Town needs to be committed and have the whole town behind the plans. Mr. Clark said if the Town wishes to be reactive it will mean creating diversity downtown which will be driven by market changes and turnover will occur in the downtown. He said the third alternative is not being talked about and that there are opportunities to create revenue that does not involve property tax. Mr. Clark suggested finding a way to share the costs across the 16000 residents instead of only the 6000 permanent town residents.

Chair Elliott said the Economic Development Committee thanks Ian and Charles Colgan. He said the Committee will be deciding how to move forward and that there will be a discussion between the EDC and the Town Council. Chair Elliott said there are tentative plans to hire outside help, and Economic Development Director and that the next two months will be spent rallying support and making decisions.

Susan Fuller asked if the summary could be sent out with the Master Plan Survey.

Chair Elliott asked Mr. Selig how the Town plans to distribute this information to the public. Mr. Selig responded that a courtesy copy of the report will be sent to key people at the University, the report will be posted on the Town website and the summary will be on "Friday Updates" with a link back to the entire report, and the Durham Business Association will most likely distribute a copy to their membership. He suggested also sending a summary of the report to every citizen or property owner, or by sending a postcard with the link address to the site where the report will be posted.

Chair Elliott asked Jim Campbell to discuss the Master Plan revision progress.

Jim Campbell said the Survey Subcommittee is still meeting on the survey and making progress. He said the next target is to get feedback to the Planning Board by their next meeting on the 27th. Mr. Campbell said the Planning Board did review the draft survey, made comments, which the subcommittee is still addressing. He said the Subcommittee would meet again and get back to Planning Board at the end of the month.

Chair Elliott suggested preparing a piece of mail that delivers information on what has been learned through the reports to the people of Durham, which will hopefully entices them to learn more.

Susan Fuller suggested that the people interviewed for the visitation program be called and informed that the report is available on the Town website.

Yusi Turell will ask all interviewers to contact those that they interviewed and inform them that the report is available on the Town website.

Jim Lawson suggested to Jim Campbell that the postcard mailed to resident regarding the website link for the Market Survey to also include the link for Ms. Turell's report.

Todd Selig agreed with Mr. Elliott and Ms. Turell, saying that providing the information and educating the people with this information is empowering the residents to give the Town staff better data and very helpful. He said he believes one point of interest to many people will be who lives here and what it is about Durham that attracts them here. Mr. Selig said he thinks the report shows that Durham is a unique community.

Ute Luxem MOVED to adjourn the April 11, 2011 meeting of the Durham Economic Development Committee at 9:47 pm. This was SECONDED by Susan Fuller and APPROVED unanimously.

Respectfully submitted by,

Sue Lucius, Secretary to the Durham Economic Development Committee