

ECONOMIC DEVELOPMENT COMMITTEE

REPORT TO THE TOWN COUNCIL
December 8, 2008

**Re-elected
for 2009**

EDC Membership

Rich Talipsky – Chair

Gary Gump – Vice Chair

Bob Hamilton - Secretary

- **Bob Andrews**
- **Paul Fleming**
- **Duncan Ingraham**
- **Chad Kritzas**
- **Steve Lake**
- **Steve Larson**
- **Molly Magee**
- **John Palmieri**
- **Ralph Plumb**
- **Allen Shers**
- **Doug Smith**
- **Michael Young**

• **Bill Clark -- Ex- Officio member**

• **Town Council Liaisons**

– Len Katzman and Bill West (2007-2008)

Outline for This Report

- ***Status of Tax Base***
 - *Why is the Tax Base Important?*
 - *Net Assessed Value Base for 2007 Tax Year*
 - *Tax Base History 1990 – 2007*
 - *The Tax Base Forecast*
- ***PEDC Project Update***
- ***Business Development Director Summary***
- ***Backup slides with more information***

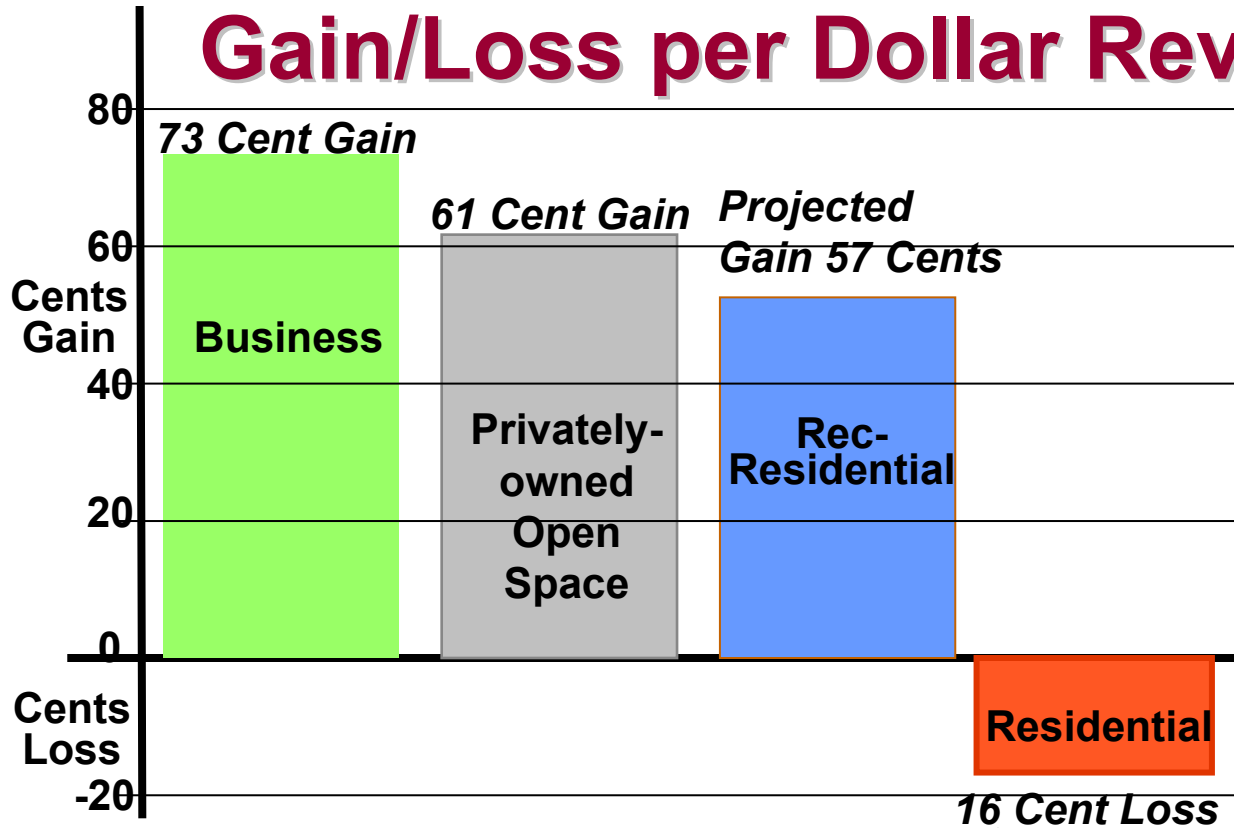
Why is the Tax Base Important?

- ***Most of the Town's revenue comes from the property tax base***
 - Most of our taxes come from Residential Properties.
 - Most Residential Properties are **“Revenue Negative”**
 - Commercial Properties are **“Revenue Positive”**
 - Privately Owned Open Space is **“Revenue Positive”**
 - Residences that are “Recreational-Residential” ¹ are **“Revenue Positive”**
- ***Property tax increases are limited by law***
- ***Outside Aid is Decreasing***

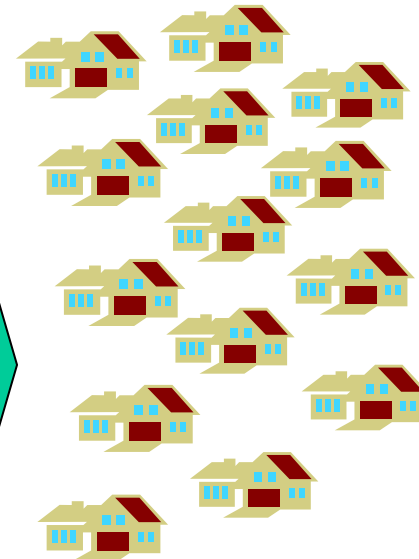
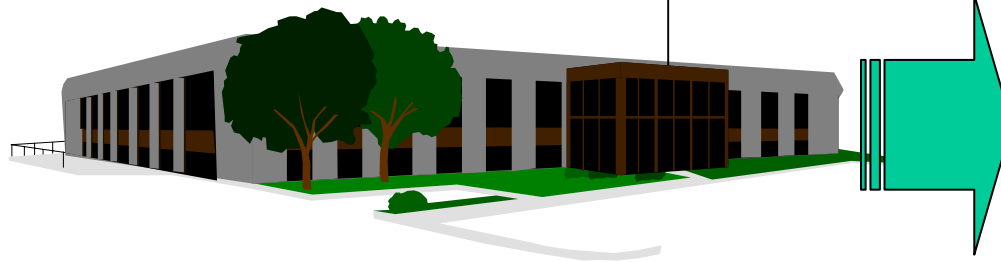
1 – We estimated Recreational-Residential residences as those with a taxpayer address other than Portsmouth and no voter at the address (that would indicate a full time renter)

Status of the Tax Base

Gain/Loss per Dollar Revenue Collected



Note: Rec-Res. data from 2006 Portsmouth Town Planner "Cost of community services" analysis of the residential part of proposed Weaver Cove development. Other data from 1997 Portsmouth study



One "Renova" (Ex-"Quadrax") type building is needed to offset the revenue loss to Portsmouth for each 14 new homes

Status of the Tax Base

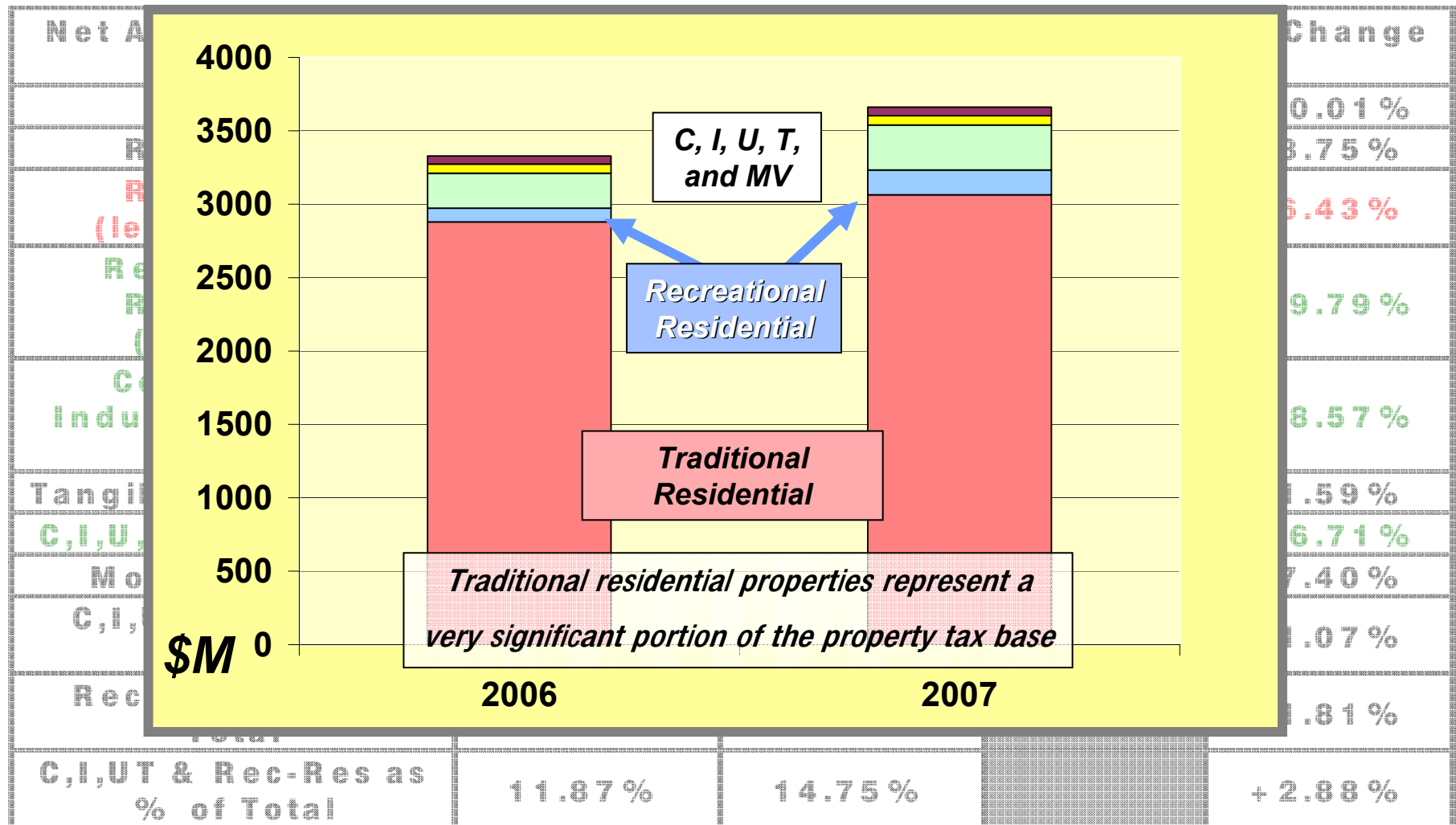
Portsmouth Net Assessed Value Base (Millions of Dollars)

Net Assessed Value	31 DEC 2006	31 DEC 2007	Change	% Change
Total	3328	3661	+ 333	+ 10.01 %
Residential	2973	3233	+ 260	+ 8.75 %
Residential (less Rec-Res)	2879	3064	+ 185	+ 6.43 %
Recreational- Residential (estimate)	94	169	+ 75	+ 79.79 %
Commercial, Industrial, Utilities (C,I,U)	238	306	+ 68	+ 28.57 %
Tangibles (T)	63	64	+ 1	+ 1.59 %
C,I,U,T and Rec-Res	395	540	+ 145	+ 36.71 %
Motor Vehicles	54	58	+ 4	+ 7.40 %
C,I,U & T as % of Total	9.06 %	10.13 %		+ 1.07 %
Rec-Res as % of Total	2.81 %	4.62 %		+ 1.81 %
C,I,UT & Rec-Res as % of Total	11.87 %	14.75 %		+ 2.88 %

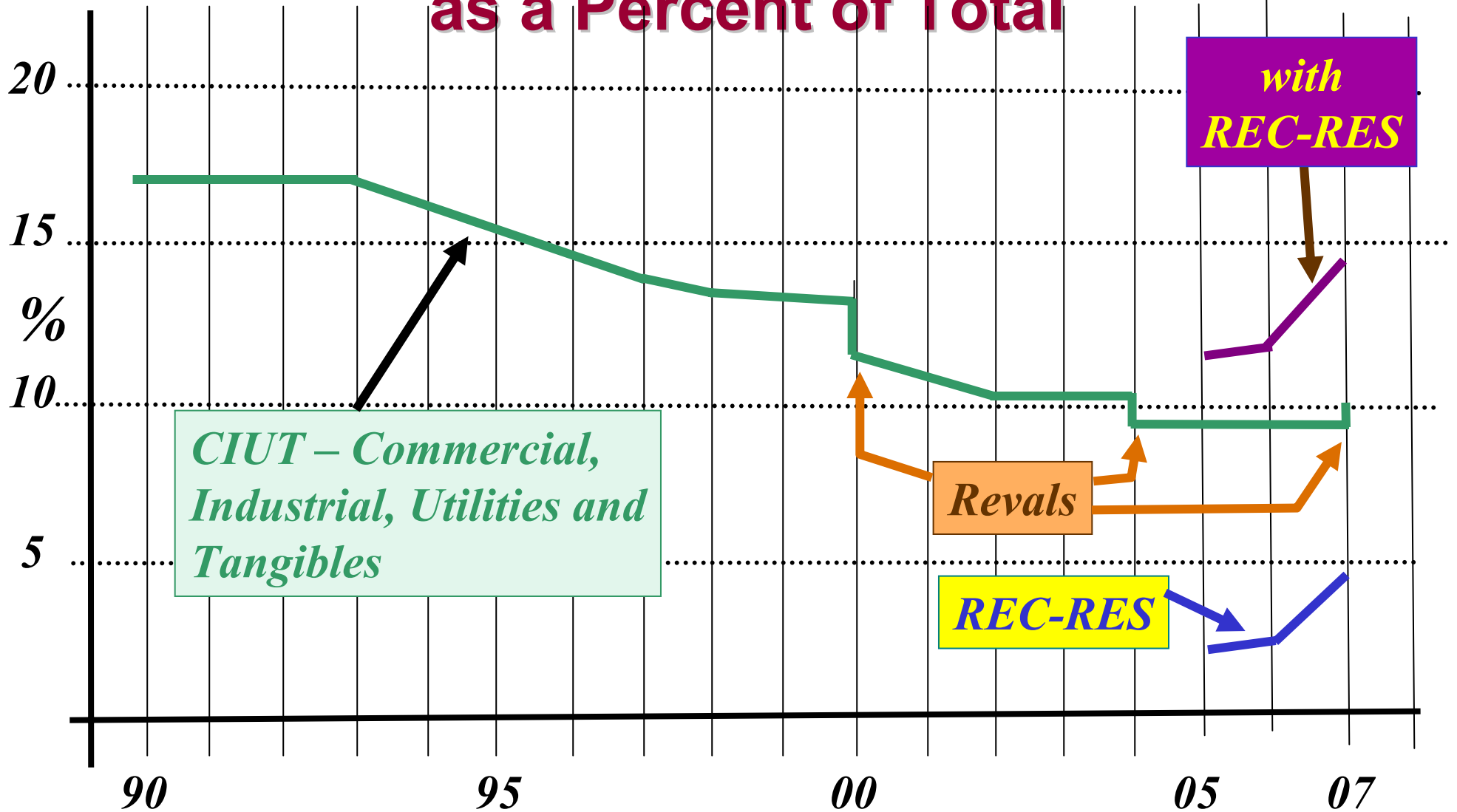
REVAL YEAR

Status of the Tax Base

Portsmouth Net Assessed Value Base (Millions of Dollars)



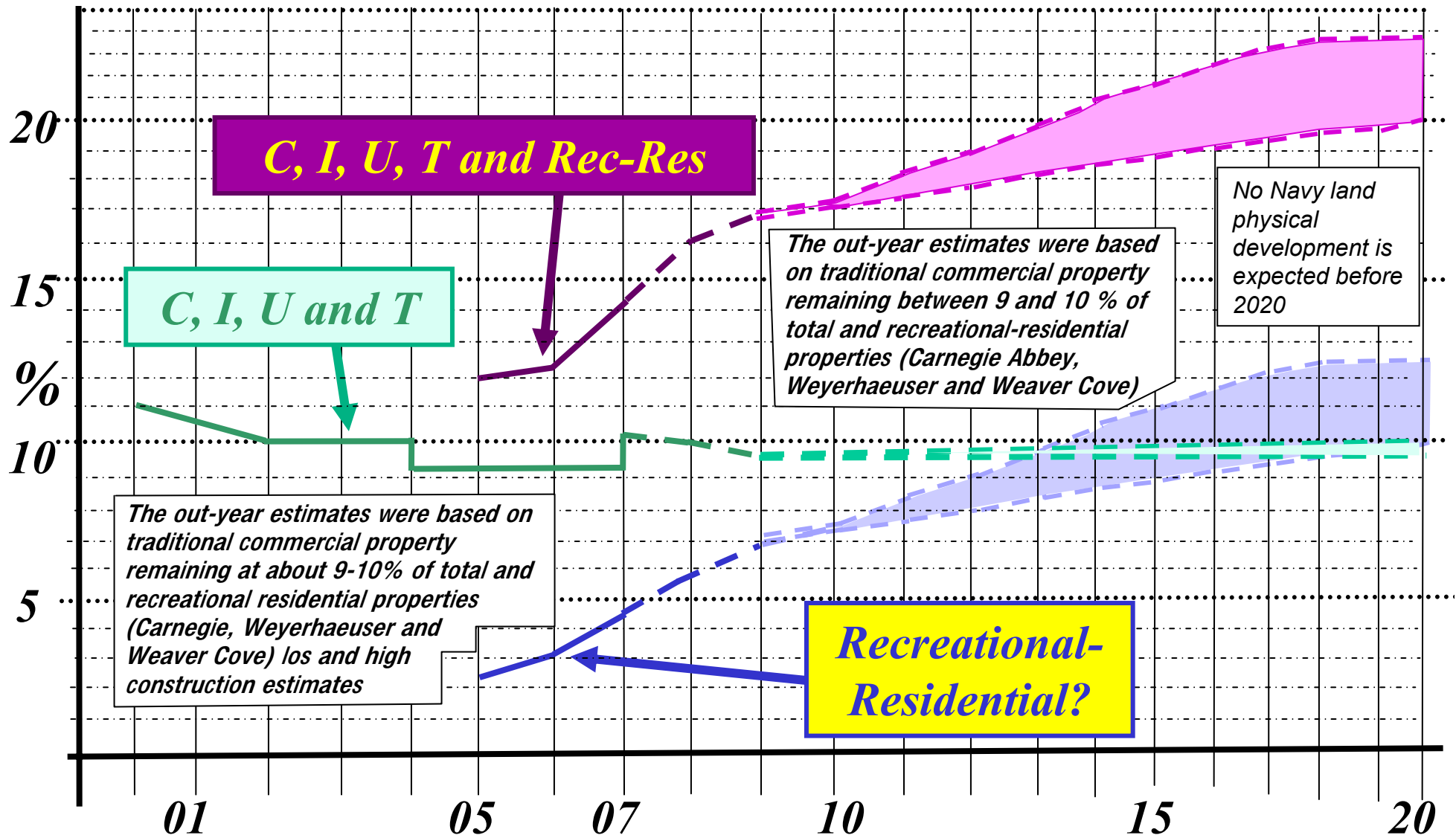
Historical Assessments as a Percent of Total



Basis: Portsmouth Tax Assessor data through 12/31/07. Taxable base after all exemptions. (with exemptions applied to proper categories)

Projected Status of the Tax Base

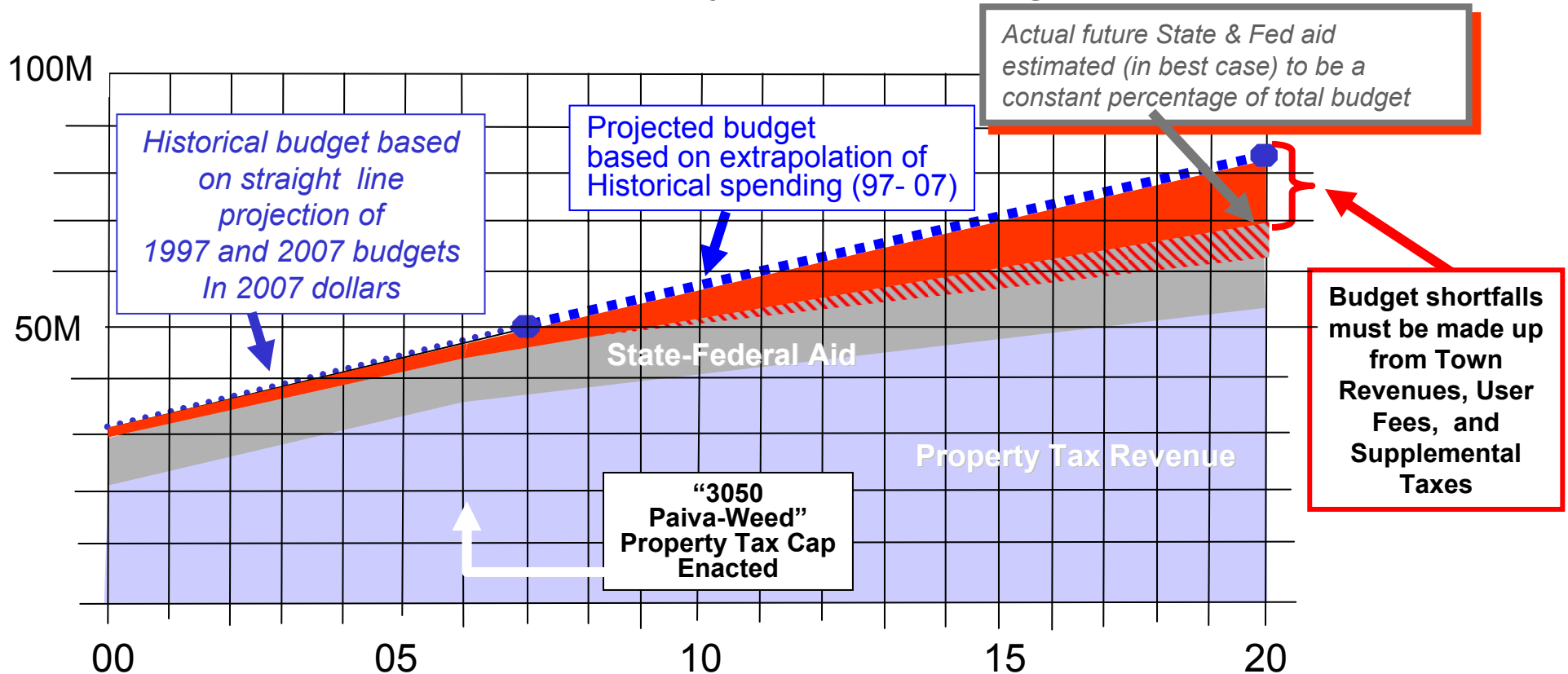
Forecast – Assessments as a Percent of Total



Conclusions

- ***We maintained our commercial business base percentage.***
- ***The commercial valuation increased about 30% (\$306M/\$238M)***
 - Only added a little over 1 % more to the total over 2006
- ***It is estimated that Recreational-Residential property valuation increased by nearly 80 percent (\$169M/\$94M)***
 - Contribution to the 2007 tax base was nearly 5 % (due to actual new construction).
- ***There was only a small increase in tangibles (+\$1M)***
 - Points to the reluctance of companies to invest in their business infrastructures.
- ***Our Business Development Initiative continues to be effective.***
 - It is critical to growing the “revenue-positive” percentage.

Historical and Projected Town Budget Picture



1. Based on constant 2007 dollars
2. Future budgets are based on increase consistent with historical spending
3. State/Federal aid projected to be constant in 2007 dollars for foreseeable future

- We are at a critical financial juncture that may lead to long-term economic disaster
- The cost of living and conducting business in Portsmouth is rising dramatically
- Immediate Action is required to address the projected shortfall

An Economic Crisis is Looming

- ***Only a small portion of the Town's budget is discretionary in the short term.***
- ***The rest of the budget is in long-term agreements or entitlements that are not easily changed.***
- ***Portsmouth's General Fund Balance was, until recently, being tapped to support the budget and is significantly lower than the New England Municipal Medians.***
 - **Threatens the Town's Bond Rating**
 - **Reduces the available amount of "emergency" funding**

Our Current Revenues are Not Meeting our Budgetary Requirements

- ***How do we make up the difference?***
 - Long-Range Economic Strategic Planning
 - Keen negotiations on future agreements for all budget items (reduce the cost of doing business)
 - Create more “Revenue Positive” Development
 - Leverage existing and create new “revenue generators” to bring money in from outside the Town. (WTG, Glen Farm, Manor House, Melville Campground)
 - Enact more user fees or enterprise funds
 - Decrease Town services, programs
- ***Make Hard Decisions on Where We are Spending***
 - Critical
 - Essential
 - Routine
 - Non-essential

PEDC's Phase II Economic Strategic Plan

Strategic Planning Phase II

Basic Principles

- ***Foster Economic Vitality***
- ***Preserve Community Quality***
- ***Ensure Community Affordability***

Economic Development Goal

- ***Reassess the economic drivers (identified in Phase I) that contribute to the Town's economic status in view of recent events and develop an economic vision and approach that will immediately turn the path of the Town to return it to economic stability in ten years.***

Policies

- ***Develop a consensus on the top drivers of the Town's economy***
- ***Identify actions that are needed to put the Town on the right path***
- ***Identify obstacles that may impede success***
- ***Leverage the principles of "smart growth" that are embodied in development plans (such as the West Side Master Plan) and leverage regional resources to help achieve our goal.***

Need a Town Workshop to Develop the Details

Collaborative Workshop

When - Early 2009

Who

- **Town Council,**
- **Key Town staff,**
- **Leaders of Town Boards & Committees, and**
- **Interested citizens**

What

- **Review of economic drivers**
- **Develop an economic vision balancing cost with revenues**
- **Prepare a 10 year economic plan of action (strategy)**
- **Formulate the best way to measure and report progress to the Town**

How

- **Organized by PEDC**
- **Obtain outside facilitation**
- **Full Day Planning/Collaboration Session**

PEDC Work for 2008

- ***Sustainable Energy - Wind Project***

www.portsmouthRIenergy.com

- ***Economic Strategic Planning***
- ***Research and Position Paper on Wastewater Issue***
- ***Analysis of Big Box Proposition***
- ***Weaver Cove Economic Analysis***
- ***Continued Business Development Initiative***

See backup slides for more detailed information

Plans for 2009

- ***Sustainable Energy***
 - **Wind Project**
 - *Complete the project and generate power*
 - **“What’s Next?”**
 - *Conservation initiatives*
 - *Examine Other Energy Technologies*

www.portsmouthRIenergy.com

- ***Continue to Provide Economic Perspective on Issues***
- ***Phase II of our Strategic Planning Process***
- ***Continue Business Development Initiative***

See backup slides for more detailed information

Director of Business Development

Bill Clark

- ***2008 Activities***
- ***Key Focus for 2009***

2008 Activities

*Director of Business Development
2008*

- *Assisted non-conforming small businesses with zoning relief*
- *Worked with legislatures on sponsoring bill to correct inequities in Enterprise Zone regulations*
- *Successfully appealed to Statewide Planning for inclusion of Town Center project in CEDS ratings for EDA exposure*
- *Made special appeal to Enterprise Zone Council on behalf of Portsmouth marine business*
- *Represented Portsmouth at PBA, RIEDC and Sec State expos*
- *Promote locations to potential businesses, business locators & site finders*

***“The success of business
is related to the support of the community.”***

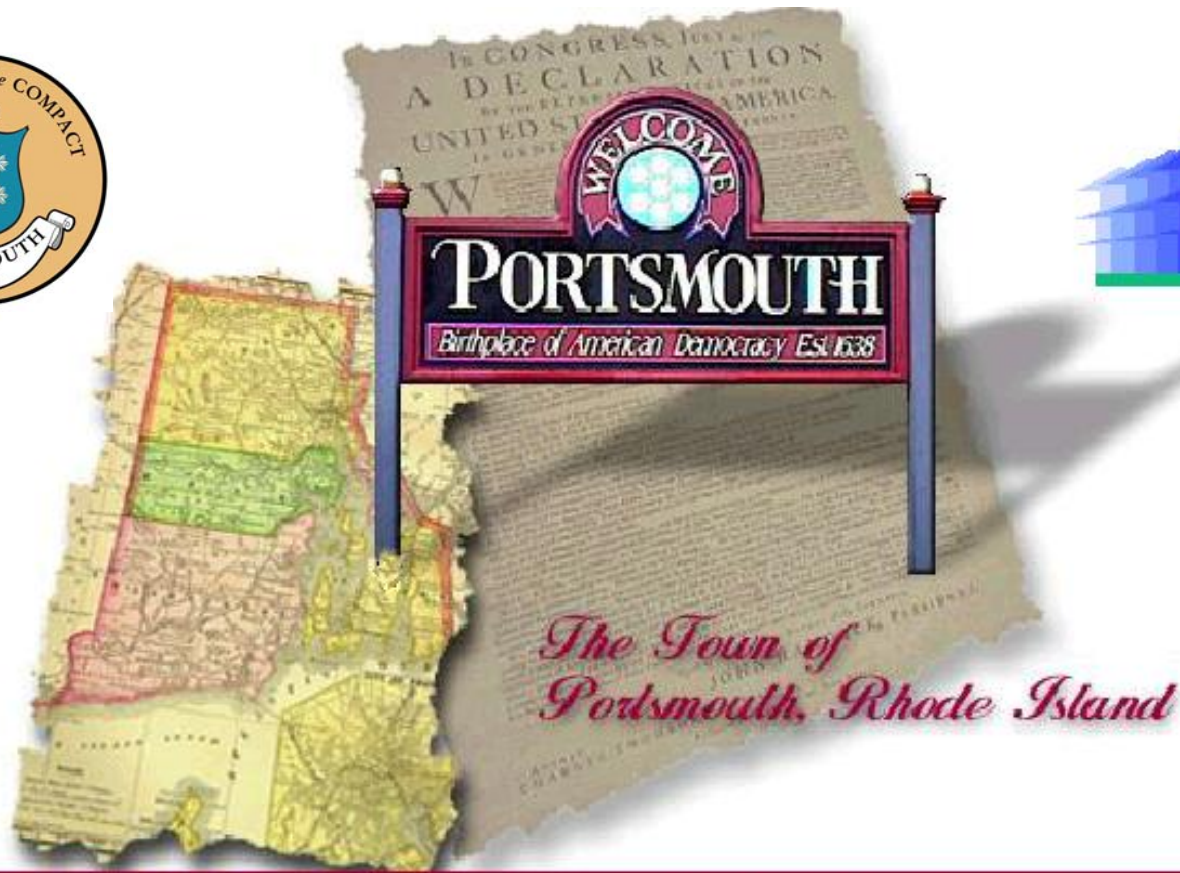
See backup slides for more detailed information

Key Focus for 2009

- *Prepare application to RIEDC for re-designation of Portsmouth/Tiverton Enterprise Zone for 2009 - 2013*
- *Represent Town support for Portsmouth Marine Partners & RIEDC in “Melville Backyard” transfer*
- *Expand Enterprise Zone participation.*
- *Assess potential development impact of tank farms – work with PRA & AIPC – identify potential uses*
- *Recruit new members for Portsmouth Business Association.*

All aimed at growing Portsmouth’s revenue positive tax base

See backup slides for more detailed information



*Thank you for your time.
Any questions or comments?*

Additional Information

***The following attachments
provide additional details
of the information
in the slide presentation.***

PEDC Member Professions/ Backgrounds

- ***Rich Talipsky - Corporate Strategic Planner, Retired Navy CAPT, Engineer***
- ***Gary Gump - Retired Communications Company Marketing Manager***
- ***Bob Hamilton - Local Business Owner***
- ***Bob Andrews – Local Business Owner***
- ***Paul Fleming – Public Relations Firm Owner***
- ***Duncan Ingraham – Realtor, Retired Naval Officer***
- ***Chad Kritzas - Realtor***
- ***Steve Lake - Realtor***
- ***Steve Larson – Realtor***
- ***Molly Magee – Government Chief Financial Officer***
- ***John Palmieri – Museum Curator, Retired Naval Officer and Engineer***
- ***Ralph Plumb – Local Business Owner and Developer***
- ***Allen Shers - Realtor***
- ***Doug Smith – Retired Educator and Naval Officer***
- ***Michael Young – High School Senior***

PEDC Projects

***The following provides additional
information on PEDC projects
for 2007 and 2008***

**Liaison with the Town Center Committee
(Project Originated by the PEDC in 2003 is
continuing in 2009 Under a Separate
Committee)**

- ***By Laws in Place***
- ***Public forum with DOT***
- ***Formulating RFPs for Greenway and Streetscape Design***
- ***Town Council approved RFP for Grant Planning Project***
- ***Hired Mayforth Group to work Congressional contacts to try to speedup project***

Wind Energy Initiative (2008 Project Results)

PEDC Projects

- ***2008 Wind Energy Project Accomplishments:***
 - **WTG Proposal Competed**
 - **WTG Contract Awarded**
 - **Worked Net Metering Legislation and Reevaluated Revenue Predictions**
 - **Drafted Operating Procedures and Enterprise Plan.**
 - **REC sales agreement negotiated and signed**
 - **Helped Barrington and Tiverton Wind Efforts**
 - **Participated in Wind Alliance and RI Stakeholders**
 - **Participate in the RI Offshore Wind Stakeholders Group**

Sustainable Energy Initiative (2008 Expanded Project)

PEDC Projects

- ***Sustainable Energy initiatives:***
 - Explore possibility of “Island wide” wind energy plan with AIPC and other towns
 - Support RI PUC “Distributed Generation” requirement for Towns and municipalities
 - Continue to Champion Energy efficiencies and Cost reductions
 - *PBA, Town, School Department, citizens*
 - Promote Portsmouth visibility at all state levels

Replacing one 60W incandescent bulb with a compact fluorescent in each of 1000 homes can save 130 Million Watt-Hrs per year energy*.

West Side Development (Project Continuing in 2009)

- **2008 WSMP Work**
 - Monitored initiative to turn the concepts of the plan into reality.
 - Choice area for commercial development
 - *In the Enterprise Zone*
 - *Access to coastline*
 - Need to preserve the “high quality” of the area.
 - *Potential for uncontrolled development*
 - *West Side Drive Plan a good start, however:*
 - Could add traffic and noise to a currently serene drive
 - Must be a carefully controlled total plan.
 - Ensure development meets the needs of the Town as specified in the Town Comprehensive Plan.
 - Establish a list of standards by which each initiative can be measured to ensure each improves the economic and way of life goals of the Town.

Economic Strategic Planning (Continuing Project for 2009)

PEDC Projects

VISION

Provide the Town a framework to both guide and measure progress to a better economic future.

MISSION

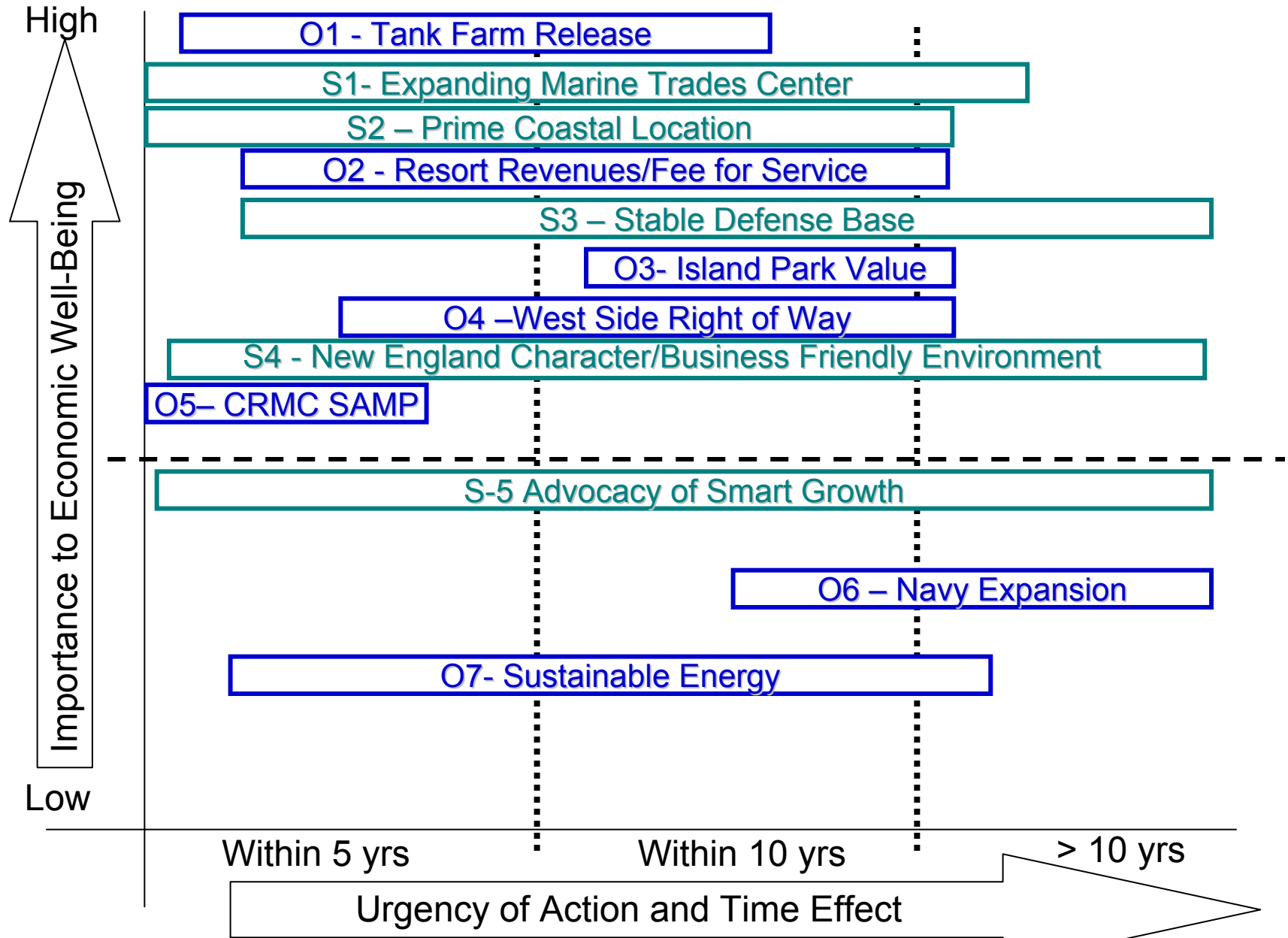
The Portsmouth Economic Development Committee is charged with creating and recommending a Town Economic Strategic Plan that is consistent with the Town's Comprehensive Plan. It encompasses the vision of the West Side Master Plan, while taking into consideration the economic spin-offs that will impact the entire Town.

Our primary focus will be the Melville Marine District because it is primed for near-term development

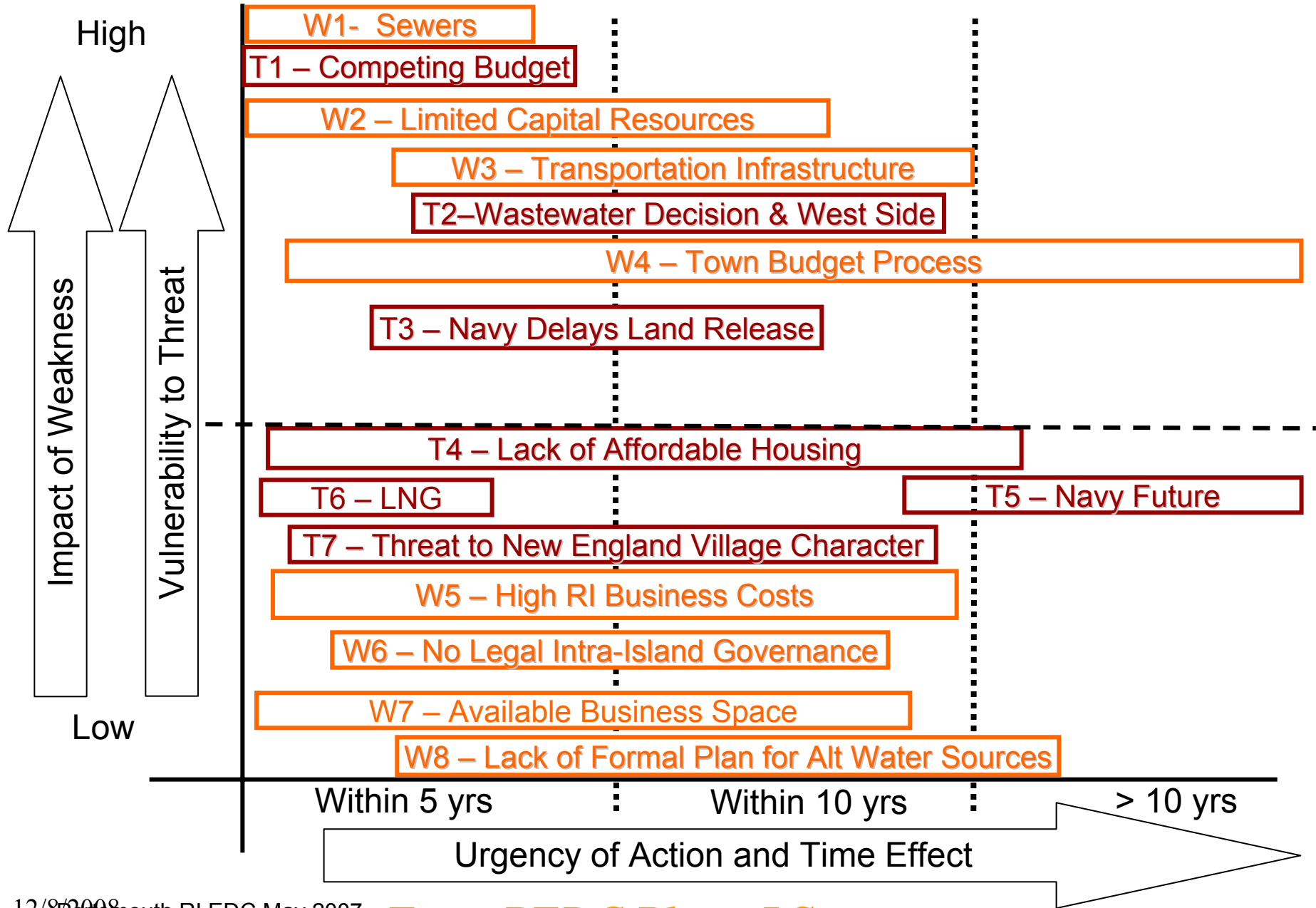
The Economic Strategic Plan will encompass the following:

- A 5-year projection with a 10-year outlook*
- Identification of required policies and initiatives to support “smart growth”*
- Identification of obstacles that may impede progress*
- Recommend principles and metrics against which developments will be measured*

Strengths and Opportunities



Weaknesses and Threats



Plans for 2009

Economic Strategic Planning Phase II

Portsmouth is in Financial Stress

- *Portsmouth's General Fund Balance is significantly lower than the New England Municipal Medians for all bond ratings*
- *Tax limits have been breeched in recent year's (Carulo decision) and current budgets use various deferrals to meet sate mandated property tax limits.*
- *Town budget growth if unchecked will exceed property tax revenue in 2020 by 60% compared to 30% today. In view of decreasing Federal and State resources, where will this money come from- new fees?*

The Crisis can be mitigated by a concerted effort to create a far reaching economic strategy for the Town

Portsmouth General Fund Balance

New England Municipal Medians
by Moody's Investors Service as of 21 Sep 2007

	Rating Category				Portsmouth data as of 30 Jun 2007 A-1
	Aaa	Aa	A	Baa	
General Fund Balance as a % of Revenues	10.8%	12.5%	11.0%	8.5%	2.5%
Unreserved, Undesignated General Fund Balance as a % of Revenues	6.9%	8.2%	7.3%	5.1%	2.4%

- **General Fund Balance is a measure of assets minus liabilities for a specific period**
- **Portsmouth's General Fund Balance is significantly lower than the New England Municipal Medians for all bond ratings**
- **An appropriate fund balance is important to:**
 - **avoid excessive short term borrowing thereby avoiding associated interest cost.**
 - **accumulate sufficient assets to make designated purchases or cover unforeseen expenditure needs.**
 - **demonstrate financial stability and therefore preserve or enhance its bond rating, thereby lowering debt issuance costs.**

Economic Strategy Workshop 2009

- ***Who***

- Town Council, Key staff, Leaders of Town Boards & Committees

- ***What***

- Review economic factors

- Develop an economic vision balancing cost with revenues

- Prepare a 10 year economic plan of action (strategy)- Report to the Town

- ***When- Full day session early 2009***

- ***How- PEDC organize; seek outside funding***

Portsmouth Economic Strategy Workshop 2009

- **Portsmouth is facing an economic crisis**
 - *The crisis will effect the long term financial well-being of the Town*
 - *Economic conditions acerbate the crisis and will cause reductions in Federal and State funding to the Town.*
 - *The crisis can be mitigated by a concerted effort to create a far reaching economic strategy for the Town*
- **The PEDC proposes that the Town Council and the leaders of the town's staff, appointed committees and boards meet together in a full day session to:**
 - *Review economic factors facing the town*
 - *Develop an economic vision for the Town that balances costs with revenues*
 - *Prepare a 10 year economic plan of action (strategy) to achieve that vision*

Portsmouth Economic Strategy Workshop 2009

- The PEDC will organize (seek outside funding, lead the preparation of issue papers, prepare the agenda, obtain a moderator/facilitator, host, and report results) the workshop.
 - *Study papers to be provided to attendees in advance of the Workshop*
 - *Workshop to include joint session(s) to achieve a common understanding of the issues and develop a vision. Breakout sessions to explore and report out plans and strategies.*
 - *A report to the town of the workshop results*
- The PEDC will organize and prepare subsequent annual updates to the vision and action plans and community outreach about the plans

Recreational/Residential Property Tax Analysis (Continuing Project for 2009)

- ***Analyze the positive and negative impact of development on the west side of Portsmouth with residential properties that do not create a tax burden due to limited use (termed recreational/residential) (e.g., Carnegie Abbey developments)***
- ***Specifically identify and quantify the impact of west side recreational/residential properties on the Portsmouth tax base***
- ***Work closely with the Portsmouth tax assessor to create data that more accurately reflects the tax burden of recreational/residential properties and include the data in the PEDC Annual Reports to the Town Council***

Wastewater

- ***Provided economic position paper***
- ***Researched similar situations and projects in other U.S. municipalities.***

Business Development Details

***The following provides additional details
on the activities of our
Director of Business Development
(Bill Clark)***

Additional 2008 Activity

- ***Increased Portsmouth exposure at RIEDC - attended EZ Council meetings in support of business issues – active in business related legislation***
- ***Consulted with numerous business owners concerning plans for expansion – zoning, permitting, financing issues – intro to other Town staff***
- ***Advocated for equitable zoning for owners of large parcels - restrictions, alternatives***
- ***Promote the existence of the DBD office as resource & connection to State programs – training, financing, employment, re-location – “Every Company Counts”***
- ***Promoted & administered Enterprise Zone program – follow inquires, deliver material, enrolled new participants, assist with compliance, appeals***
- ***Convey & promote Portsmouth issues & concerns during personal contacts with Carcieri, Reed & Kennedy***
- ***Worked with commercial brokers to identify property for interested businesses***
- ***Offered assistance to Tiverton EDC & staff to strengthen viability of Enterprise Zone designation for both towns***
- ***Contact point for new and expanding business interests***

2008 Activities

- ***Continued to build relations with key development business partners – average contacts per month***

– Business inquiries	10.3
– Enterprise Zone activity	10.1
– Portsmouth EDC	9.4
– Town Council, Boards & Staff	11.2
– Portsmouth Business Association	8.1
– Brokers/agents	4.3
– RI Econ. Devel. Corp.	3.3
– Newport Chamber/civic groups	1.3
– Marine Industries & O'Neill	3.1
– State offices/DOT/Fed & Legislatures/SBA	3.8
– AIPC/WSMP/PRA	2.1
– Town Center Issues	3.2
– Defense industry & Navy	.6
– Façade program	2.3
– Local news media	.8
– Tiverton EDC & Tiverton Town Admin.	.2

**average hrs. last 12 mos. = 63.8/mo.
28% over contract requirement**

Additional Focus for 2009

- *Advocate for business interests in Town issues: PEDC, Town Center Committee; zoning issues; PRA; highway planning; RIEDC.*
- *Explore availability of grants & matching funds*
- *Continue business relationship building in Portsmouth & regionally*
- *Promote Portsmouth Town initiatives and EZ participation at PBA & other business expos*
- *Promote local business profile articles to Daily News*
- *Town resource for business inquiries and issues*

“Every company counts!”