

Tax Increment Financing (TIF) District Advisory Board

2.21.07 Meeting minutes

Town Hall Board of Selectmen's meeting room

Present:

Al Hicks

John McCormack

Mel Reeve

Dave Roedel

Jack Ruonala

Absent:

Tom Brennan/Tom Wilson

Jim Dannis

George Infanti

Len Mannino

Bill Parker, Director Community Development/TIF Administrator

Shirley Wilson, Recording Secretary

John McCormack opened the meeting at 7:30AM.

1. REVIEW OF AGENDA

J. McCormack reviewed the agenda and noted that the financial information for the warrant article wouldn't be ready for discussion at this morning's meeting. J. McCormack then said that this Board had previously discussed this partnership and he thought that now might be the right time for this, having been sensitized with recent events and processes. J. McCormack also gave a copy of the previous meeting's minutes to Don Zizzi so he could get a sense of what has taken place so far; mainly with what has been done in support of the proposed warrant article.

2. ECONOMIC DEVELOPMENT PARTNERSHIP PRESENTATION:

J. McCormack introduced and welcomed Don Zizzi, senior research associate at the Center for Urban and Regional Policy (CURP), Northeastern University in Boston. D. Zizzi gave a brief history of his background having been on both sides of development and also an overview of CURP.

D. Zizzi began by saying that this project was beta tested in twelve cities in Massachusetts and now we're trying to look at all the jurisdictional levels, cities, towns, rural communities and counties; and hopefully Milford will consider participating in this project. J. McCormack said that our objective is two-fold, to do this process systematically and effectively. The timing for this partnership would be right and we could use this information to measure how we stack up and then to use it. Another dynamic to be considered is that the Selectmen have the final say, but because of recent politics, there is an issue of trust. There are various stages and levels of oversight in this whole process, starting with this Board to determine whether viable, good projects come forward and meet the tax base, but again it's the Selectmen who make the final decision. We should take this opportunity to rethink how we've been doing things. D. Zizzi said that was really the theme; that local government is where the action is, and you have the power, but it is how you use it and whether your tools are in order. J. McCormack said that the MIDC has been working on this for six years now, and nothing has happened strictly from an industrial standpoint, maybe it's time to get something different going and this could help. D. Zizzi said that things have changed, even in the past five to ten years; how industry used to locate facilities, how people invest, where jobs were and what kinds of jobs were available. So much has become a factor of time. Industry has changed, becoming very global and one of the first projects at CURP was with the National Association of Industrial and Office Properties (NAIOP), this country's largest collection of locating real estate agents and developers, who came to the center because they were having a difficult time dealing with communities. We already briefly touched upon the subject; communities are often at odds internally, their processes are slow and unresponsive, and they may be stuck in Euclidean zoning. Public management is still very traditional. To surmount some of these deal breakers and enhance the power of local officials, we surveyed some communities and what we found was all too common; vacant and underutilized building space, shrinking commercial base, younger citizens leaving communities, and contaminated sites. Everyone was

experiencing pressure on residential taxpayers and resources spent, perhaps on unfocused economic development. How many dollars, how many hours on how many committees are spent at the local level and what does it generate?

Presentation (in italics)

With the assistance of NAIOP and CoreNet Global, their international counterpart, CURP's first step was to survey over 4,000 corporate real estate and development professionals on factors effecting business location decisions such as:

*Local Permitting Processes
Labor Suitability and Availability
Development and Operating Costs
Local Business Environment
Transportation and Access
Amenities and Quality of Life*

WHAT THEY SAID WAS MOST IMPORTANT

- *Labor Availability*
- *Timeliness of Approvals*
- *Transportation Access*
- *Real Estate Costs*
- *Nearby Amenities and Services*
- *On-site Parking*
- *Business Friendly Environment*

WHAT THEY SAID WAS LEAST IMPORTANT

- *Minimum Wage Laws*
- *Access to Rail*
- *Strong Labor Unions*
- *Local Taxes*
- *Business Incentives*

B. Parker inquired if incentives were a factor. D. Zizzi replied yes, but that the degree of incentives varied from state to state. Florida was the most generous for incentives and the southern states seemed like they were giving them away. However, my high-tech company turned them all down for one reason, the process. It was more valuable for us to get the facility open on a specific date than to wait for a package of incentives. Incentives worked for the more traditional industries during that era, but now time has become equally as critical because of the competition. Speed has become the common denominator. D. Roedel then put things in perspective from the hotel industry. A one hundred room motel, with a \$100 contribution per room, at 7% would be \$7,000 per day that you would lose if you weren't open. D. Zizzi added that even restaurants complain if they're open a week late and that sure puts incentives into perspective. We've also done some research on the value of those incentives over time. In some cases, with millions of dollars in waived taxes and incentives, the companies never returned on the investment and the facilities moved elsewhere. You have to look at incentives from both sides and they're not the answer. J. McCormack inquired about TIF districts and those tools. D. Zizzi replied that flexibility was the key.

WHAT ELSE THEY TOLD US

*"Once a product has passed its Phase III trials, we want to get the new product into production before another company does. **Speed is so critical** that we start building the production facility before the product is approved." – Biotech Executive*

*“From our perspective, **time is money**. We may actually be able to make a deal work more effectively if we can get expedited permits and infrastructure enhancements than by factoring a tax subsidy into our pro forma.” – Commercial Developer*

*“If municipal leaders can work with us as a team **to expeditiously solve problems** related to zoning regulations, permitting, and an array of related factors that can be barriers to investment, we can do business.” – Project Consultant*

*“A mayor, manager, or economic development staffer who understands the needs of an industry and is empowered to be responsive to those needs is one of **the most important factors** in helping a deal move forward.” – Real Estate Professional*

“Firms like to locate where other firms in the same industry already are established and where suppliers, networks and support services already exist.” – Relocation Specialist

D. Zizzi explained that communities are known for their reputations and one of the real values to come out of this program will be that NAIOP will continue as a partner as we hope to elevate the reputation of all our partners. The economic development office at DRED is offering a 50% match for participating communities; because even the will state benefit from having communities involved with this program.

D. Zizzi continued by saying that there are also some softer issues to be considered. In terms of site locating; companies now look at where the workforce will live, the local amenities, and synergy with the competition. It's the notion of clustering and used the example of a corporate park. This is a good way to recruit and to exchange ideas with competitors to keep on top of things. J. McCormack asked if Don was familiar with our Brox area and the TIF District and if our expectations were realistic. D. Zizzi said that this can work and Milford is progressive. You are also fortunate to have Bill Parker who really knows this business and you are right-on to look at this as not purely an industrial site; mixed use is the key. It has to have other amenities, other dynamics. If you do your homework, if your processes are in order, and you can compete at that level, then this program is about attracting investors. When we come into a community having a broad base, where the Chamber of Commerce is there, with the citizens and the government, the more this works and the better it is understood. Local jurisdictions have the ability to shape their own destiny; but the chances increase when partners enter in. It's about tying in communities with interest groups and with developers, to see if together we can't do this best. EDA New England has also been involved with this project, and Rita Potter, just before she left, got them to kick in money to support this. She said their job would be easier if the local folks are doing their jobs better. B. Parker mentioned that she worked with the Town on the downtown/oval improvements.

WHAT'S IN IT FOR CURP?

Fulfilling our entrepreneurial mission

Linking academy with community

From 'think tank' to 'do tank'

Important research advancing public policy

National recognition in the field

D. Zizzi said that CURP's ambition is a big one; we're hoping to have 10 to 15 communities in the smaller states and 20 to 25 communities in the larger states participate in this program. However, we already have 40 communities enrolled and now we're looking at a projection of 1,000-1,500 communities as being reasonable. J. McCormack inquired if resources would become an issue with that much involvement. D. Zizzi replied that they will grow the resources, because it's entrepreneurial and hopefully we'll get smarter and more efficient. We have a good core of grad students that will contribute to as well as learn from this. More importantly, the model is that we will all be learning from one another. The value, over the long haul, will be the sharing of best practices and lessons learned. The

variety of the data means that when Milford changes, you will be constantly refreshing your data, as will your counterparts, all the other communities. For a one-time enrollment, you are members for life. J. McCormack inquired if Don had any experience with the results or if he had carried anyone through the whole process to do something with the assessment information; how much of your time can we expect? D. Zizzi replied that the immediate value and results are self-explanatory. Just by going through the process and involving as many people as possible can be very engaging. After the results are received, Milford should use your own time to find out where your strengths and weaknesses are. This can be a tool to get the internal forces facing in the same direction and get rid of the bumps in the road. So much of this is training and education. Your boards are mainly made up of volunteers and they have to compete with seasoned professionals; just think of the benefits. As our enrollment grows, we'll learn where some of the common issues are and will be regularly sharing best practices and the lessons learned. We hope to be developing additional tools simultaneously. Our best effort will be to funnel any direct services to the regional agencies and they will distribute back through the communities. B. Parker asked if NRPC was involved with this project. D. Zizzi said there has been involvement with some agencies like Keene and Portsmouth.

WHAT'S IN IT FOR OUR OTHER PARTNERS?

Development community has a real financial interest
Lifeblood of realtors and location specialists
Direct benefit for U.S. industry and commerce
National organizations see it as a vital service to members

WHAT'S IN IT FOR YOU?

Knowledgeable professional partners
Sophisticated practical tools and strategies
Latest and best information and training
Visibility to the development community
Recognition by federal and state officials
Enduring long-term relationships
Improved capability to attract investment

A Self-Assessment Tool

Measure local strengths and weaknesses
Weighed against the validated critical factors
Comparable data from other jurisdictions
Detailed guidance on where to focus efforts
Reality check on opportunities and expectations
Benchmark queries against the competition

D. Zizzi explained that the basic self-assessment is self-analysis. The results will give you guidance on where to focus your efforts and becomes a benchmark. There will be a series of 208 questions in 10 categories on a secure website that you will respond to and the results are not shared, due to the proprietary nature of the questions. When the assessment is complete, a hard copy will be mailed to you in about 6 to 10 weeks. We hope you share that assessment with many because it will show that you will have strengths and those strengths should be promoted. You can call it the Milford advantage or anything else you would like. You can publish it in local newspapers or just get the word out. At the same time, look at those weaknesses. Issues vary by community and maybe you could focus everyone involved to determine where you need to target your limited resources and where you need to set your expectations.

D. Zizzi said the next tool will be for industry resources. Several core industries have been selected to look at specific industry needs and requests, i.e. clustering. The first reports should be available this summer and we can hopefully match profiles.

THE SELF-ASSESSMENT TOOL

Two hundred questions in ten categories:

1. Access to Customers & Markets
2. Concentration of Businesses & Services
3. Real Estate and Infrastructure
4. Labor Market Factors
5. Municipal Permit Processes
6. Community Quality of Life
7. Site Related Amenities
8. Business Incentives
9. Local Tax Rates
10. Access to Local Information

- The tool is rigorous and comprehensive
- Local officials respond on secure website
- Tasks can be divided among departments
- Data visible only to designated contact person

D. Zizzi reiterated that the questions will be answered and submitted from an encrypted website; the questions are not in printed format. We will give a report that outlines the responses. A. Hicks then asked if the questions could be printed out, because there may be a lot of people involved in answering these questions. A discussion on how to share access for the website ensued. D. Zizzi said the user name and password can be shared with anyone and your point of contact would coordinate who answers which group of questions. The individual can then go to the website, even at home, and answer the questions. The questions are user friendly and self explanatory and most communities have not required any assistance, but we can walk you through this if needed.

Question	(City Name)	All Cities	Comment
C. Timeliness of Approvals			
Question 96: "What is the average time from application to completion for new construction?"		Weeks	Meeting an aggressive timetable is crucial.
Question 96: Site plan review	0-4	5-8	
Question 96: Zoning variance	9-12	5-8	
Question 96: Special permit	9-12	9-12	
Question 96: Building permit	0-4	0-4	
Question 96: Appeals process	9-12	5-8	
Question 97: "What is the average time from application to completion or occupation in existing structures?"			
Question 97: Site plan review	0-4	0-4 to 5-8	
Question 97: Zoning variance	9-12	5-8	
Question 97: Special permit	9-12	9-12	
Question 97: Building permit	0-4	0-4	
Question 97: Appeals process	9-12	5-8	

M. Reeve referenced the sample report and asked how the responses can be compared, because the timeliness of approvals depends on what comes before the boards. D. Zizzi said that what you are looking at is really the average time-frame. The administration should have a good average or timeframe of how long it takes things to get through the process. Some things are simpler and take less time, some take a very long time. If you haven't been keeping that kind of data, then yes it would be a problem to estimate the averages. D. Roedel added that sometimes it goes back to how prepared the developer is. A discussion on examples followed.

PARTNERSHIP ENROLLMENT

Communities pay a one-time fee of \$5,000

(Consider what a consulting firm would charge)

Funds can come from any source

We encourage private sector financial involvement

As local data change, assessment can be updated

Query power enriched as more communities enroll

Access to CURP partners and resources

Automatically eligible for future phases

D. Zizzi said that Raymond and Rochester have already applied, and the application is real simple. You will need to call DRED for the application to get the matching funds. Their turn around time should be quick as they have the money set aside. A. Hicks asked about the budget. B. Parker said the TIF board has no money, so the money would have to come from MIDC. A. Hicks said that it could be discussed at the next meeting. D. Zizzi added that funds can come from any source.

J. McCormack asked Bill Parker if he would be comfortable being the contact point. B. Parker replied that he would be willing to do so. J. McCormack said that we should go forward with this. And unfortunately we didn't have others present. D. Zizzi said this is the start of a process and we need to get as much involvement as possible. It will only work with full engagement, when the Selectmen, the Planning Board and everyone is on board, this is not a passive exercise. Our commitment to our partners is to make sure you interpret and understand the results, yourselves. The querying process will also be a simple one. Once the data is input, you will be able to go into the website and query the other members. Obviously with more members, the querying will become more robust and you will be able to refine the data with varying characteristics. Simultaneously, we will be looking at the data for trends; when we see all these communities suffering from one issue, we can then get involved. There will be ongoing communication.

A. Hicks expressed concern with increasing the load on Bill Parker. B. Parker replied that with the reorganization, he is has time to devote on this type of work; his whole focus is now on community and economic development. M. Reeve commented that the one thing missing here was that if we had to put money in the budget for this purpose, everybody would know about it and it would be an education all by itself. This should be a big thing for the town. B. Parker said we could certainly publish this information. M. Reeve countered that when you ask for money, no matter what the amount, people want to know what it's about. That's how this partnership should have been publicized.

D. Roedel said he sees this as a recommendation by a small advisory board for the town of Milford, not just for the Brox land and asked about the MIDC. A. Hicks said fortunately we can fund this; otherwise we'd have to wait a year as well. B. Parker added that we either do this or nothing. B. Parker also said that he will bring Guy and the Planning Board up to date and let them know our intentions.

3. UPDATE ON WARRANT ARTICLE #5

a. Deliberative Session follow-up

J. McCormack said it was good that we met with the Budget Advisory Committee beforehand, because we went back to a more basic outline. However, we do need a better financial case, and we are meeting at 2:30 today to go over those numbers. We can look at that original purchase as having paid for itself, and the next stage will deal with the economic justification and what it will take in terms of tax revenue coming from the value of the land and the buildings being put on it.

b. Water & Sewer Commissioner meeting

J. McCormack said once again it was like starting over at the water/sewer commissioners meeting. We talked about heavy process users and the limited local availability. There was concern and it would have

to be looked at more carefully; however, there was adequate capacity on the sewer side. B. Parker said he wondered if the commissioners looked at this as a way of getting more revenue. J. McCormack said another concern was what would happen if a developer abandoned the project and a discussion regarding performance bonding followed. It was noted that the bonding and other safeguards should be mentioned in the editorial article. A. Hicks said that Bob Courage once told him that the problem with sinking a well out on the Brox property was iron content. B. Parker added that tests were done on the Brox residential side and flow and quantity was also an issue out there.

A. Hicks wondered how flexible the Selectmen were on the price of that land. B. Parker noted that we may need to re-look at that. J. McCormack said it would depend on the location within the site, but he was told that the minimum would not be less than \$75,000 an acre. A. Hicks noted that the warrant article information was built on an assumption by Lee Mayhew and Katie Chambers that the land would be sold for \$2M. Then when the finance plan was built, the number was arbitrarily changed to \$1.5M. Mike Monks has told us that with infrastructure, \$75,000-\$100,000 per acre.

c. Publicity & Public Education

D. Roedel said he spoke to Cliff Harris, president of the Chamber of Commerce and he is more than willing to help in any way, as far as being a spokesperson, utilizing their website and their newsletter. Maybe B. Parker could give him a call to see how to proceed.

D. Roedel also mentioned that the Union Leader ran an article about the warrant article last week. A. Hicks offered to write a letter on behalf of the MIDC. Discussions regarding the timing of articles and the information to be included in the guest editorial ensued.

4. DEVELOPMENT CONTACTS

D. Roedel said that Eliot Fierberg of Konover Development is more than willing to come in and speak to us either as a small group or before the board. D. Roedel suggested that Bill's office put together a package to bring him up to speed on what we've done and what's happening out there now. Eliot has seen the property, but in fairness to him, we should provide more of an overview. We'll try for the week after next.

5. OTHER BUSINESS

Next meeting

The next meeting date is scheduled for March 15, 2007 at 7:30 AM.

The next MIDC meeting will be held on March 9, 2007.

Approval of Minutes

The minutes were reviewed and accepted.

The meeting was adjourned at 9:15 AM.

To do items:

- ⇒ Revise the draft by-laws.
- ⇒ Confirm meeting with Konover.
 - ⇒ Overview/educational package
- ⇒ Editorial and publicity for warrant article
- ⇒ Brox industrial property
 - ⇒ March monthly report from Brad Vear
 - ⇒ Revisit land prices
- ⇒ School Board membership
- ⇒ Economic Development partnership
 - ⇒ Contact DRED for application
 - ⇒ MIDC funding
 - ⇒ On-going contact with Don Zizzi
 - ⇒ Internal communication

Continuing items:

- ⇒ Maintain an on-going progress file.
- ⇒ State support
 - ⇒ Ten year plan for access to the property
 - ⇒ Job creation within two-year periods
- ⇒ Proposal, re-marketing plan and list of key players from Brad Vear.
- ⇒ On-going contact with Land Quest.