

MINUTES OF THE FEBRUARY 20, 2020 SELECT BOARD MEETING

MEMBER'S PRESENT: Board Members Chair Mike Houghton, Vice Chair Joe Lovejoy, and Board member Allison Knab were in attendance along with Town Administrator David Moore.

The Board Vice Chair opened the meeting at 7:00 p.m. and welcomed residents to the meeting, which was for the purpose of holding a public hearing on the draft TIF Plan to be considered at Town Meeting. The draft plan dated February 7th, 2020 was prepared for the public hearing. Following the public hearing the draft plan would be dated February 2020.

Mr. Lovejoy began a presentation by explaining that the Town would be asked to vote on two articles at Town Meeting: Articles 15 and 16.

Because of the desire to maintain a rural community, zoning has been put in place to contain commercial activity in the Route 108 corridor district (gateway).

The Gateway was defined because of a desire among the residents to not have businesses be inter-dispersed among the residential part of the community. Mr. Lovejoy described the vision of the Gateway zoning. He explained that commercial development would lessen the tax burden on residential taxpayers. The industrial park is full. Lindt contributes the equivalent of 110 median valued homes.

Mr. Houghton said their hope is to formally create a Tax Increment Finance district within the Rt 108 corridor. This is an investment in the future of Stratham. The TIF will enable the Town to effectuate the kind of future the residents have said they desire – a vibrant commercial district and corridor that is pedestrian friendly with services for the community as well sorely needed housing for seniors and young people. Zoning has been in place since 2008 and has been recently reaffirmed in the Master Plan. The TIF is the financing tool that enables the Town to put money aside from development that takes place within that corridor and use it for future infrastructure or projects that support the density that was espoused to be the wishes of the community and formalized by the Master Plan process. Mr. Houghton used Market Basket as an example. Because we didn't have water and sewer, they were not able to build a newer version of the store that they have in other communities. The larger store could've resulted in \$2-3 million more in value, which would generate an additional \$40,000 thousand in revenue.

He continued, describing Stratham's ideal location site for businesses. He noted that traffic will increase whether we build or not, because towns surrounding us are developing. People travel through our community to get to the other communities. It will be here and we can be at the forefront of controlling it or not. That's what these planning efforts are all about – how we get in front of it to control the way it happens as opposed to sitting back and letting it happen.

Benefits of developing the corridor include providing new services and gathering spaces, diversified housing options, modernization of the corridor and site development that is better for the environment, making the older buildings more esthetically appealing and creating facilities for pedestrians and bicyclists. This vision is driven and is the creation of many members of this community. The change of zoning ordinances for that commercial gateway district and the more recent validation of that early vision in the update of the Master Plan for 2019. Weston &

Sampson, an engineering firm, and Arnett Development Group and Applied Economic Resource, two notable consulting organizations, have validated the financial feasibility of development that would support the tax benefit that ultimately is espoused by this planning.

Mr. Lovejoy described the mechanics of how the TIF works. State legislation in RSA 162-K and its subsections describe how a TIF arrangement works. According to the law, we meet the criteria in that our TIF will be less than 5% of the acreage of the Town. If the article passes, what would happen is that at the next valuation date which is April 1, 2020, the value within the district would be frozen. Anything that happens to change the valuation, the incremental increases (new building, significant improvements to existing buildings), that valuation is captured (the increment) and the tax assessment with respect to that as long as the TIF is in place, would be collected and placed in a separate fund. It would not be available to run the town, it would only be available to do the things that are called for in the TIF plan. In the plan, the only things allowed are those things that support infrastructure (water, storm water management and sewer). The implementation is intended to take place in two parts. There would be discovery and commitments from developers. The Board wouldn't come to the Town for a bond until real projects have committed to build if infrastructure is in place.

This is the opportunity for commercial development. This will not reduce taxes. It will mitigate continued increases in taxation which occur inevitably.

The first step is to adopt the district. The Town will then pursue infrastructure improvements that would enable the density that is desired in that area. The difference will be captured in the new assessed value after freezing the base and utilize that money partially to make the improvements themselves and the extent that money needs to be borrowed to complete the improvements. That money will be used to pay down debt much more rapidly than would be the case if we didn't capture the entirety of taxes on the increment.

Mr. Houghton urged the attendees to sign up for the Select Board Newsletter and to go to the website to read more about the Gateway project and to attend the Voter Information Night. They are also offering Drop In times for residents to ask questions about the project. Mr. Houghton then opened the Public Hearing.

A resident asked if the businesses already in the district been communicated with? Mr. Lovejoy said that in previous discussions with business owners, the feeling was that they wanted the Town to give them incentive to improve their properties. Without water and sewer their options were limited. Mr. Moore noted that the businesses they have contacted are enthusiastic about infrastructure. Mr. Moore added that yes, we have spoken to some business in the district but not all of them. And, yes, there is interest in moving forward with investments if the circumstances with infrastructure present themselves.

Another resident asked if Market Basket had been spoken to recently? Mr. Moore affirmed that they have, however it is not good policy to publicly share intentions of particular property owners.

Kirk Scamman, Frying Pan Lane, had a question on the zoning on the land in the gateway. Mr. Moore said the TIF is not a zoning ordinance. The underlying zoning is untouched by this proposal. The TIF tool has to do with where the taxation generated from improvements after April 1, 2020 go into the TIF fund to fund debt associated with those improvements or the improvements themselves. No change to underlying zoning.

Marty Wool reminded the board that when the proposed Gateway water contract was brought before Town Meeting before, it was defeated because the taxpayers didn't want to pay for water/sewer for private businesses. Mr. Wool feels the number of businesses we would need to attract would take a significant amount of time to achieve. He also believes money would be taken away from other town needs.

Brian Olson, Sandy Point Rd, inquired about the possibility to invest this money not being used for the bond to gain some interest on it. Mr. Moore confirmed that the interest can be gained. There are rules of investments for municipalities to follow.

Another resident asked if this goes on towards five years, and the money never gets used, does it go into a general fund? Mr. Moore said that if the Town chooses not to move forward with incurring debt to introduce infrastructure, then the Town can vote to end the TIF.

Bruno Federico thinks we could generate enough money to take out a bond within the next five years.

Mike Moreau, Bunker Hill Ave had questions about debt the Town already has. He asked if the Fire Station and Police Station bonds had been paid off? The Town still owes a lot of money on these projects. It is not prudent to spend money when we still have so much debt. Mr. Houghton reminded everyone that we are not asking for bonding. We would need to ask for that at a later time. That step would only be done when we have interested developers. At this Town Meeting we are only asking for the opportunity to capture incremental funds that present themselves in that district over time and set it aside for this future use. That is all we are asking for. This is going to take a lot of time and will be a lot of work. This is a plan for the future.

Sophie Robinson, Stratham Heights Rd, lifetime resident, said she is excited about the project. She inquired about the risks that the taxpayers might be taking on if it doesn't go as well as we hope it will. Mr. Houghton explained that the project aims to give the Town a higher degree of diversity in our tax base. There is little room left for residential development. As costs go up in town, the residents will bear the cost. He used the Fire Department as an example – it is currently volunteer but will eventually need to go to being a paid department. The taxpayers will bear the burden of the increased costs unless commercial development can help offset the costs. The Select Board is presenting this TIF as an option. Mr. Moore reiterated that the risk is in doing nothing. Given the location of Stratham – near routes 95 and 101, the location near job centers of Manchester, Boston and Pease, the excellent schools and services, flat developable land with water and sewer, is a very low risk that we wouldn't get developers.

Roy Byrnes, Hillcrest Drive, expressed concern that his taxes would go up because the money was going into the TIF.

Mr. Lovejoy said that without infrastructure (the reason for doing the TIF in the first place), there will be no additional money. The amount of foregone tax revenue is minimal. Mr. Burns noted that it will be far into the future that the taxpayers will see any benefit. Meanwhile, his taxes will go up. Mr. Houghton said this is a long-term investment in the town. It will be a number of years before we put a plan together to financially substantiate the investment in infrastructure and take the next step.

Lucy Cushman, Winnicutt Rd, agreed that taxes will continue to rise. She supports this, as it is a way to ensure taxes will not skyrocket. If we enact the TIF legislation, then establishing the district and starting to set the money aside, it's not a huge amount of money, but it is something, a beginning. In 2016, people complained that the businesses weren't paying their fair share. This is a way of taking their tax money and putting it in a special fund to use towards infrastructure that will make all of our tax bills lower in the future. It is visionary. She said she loves this town and although she might not see the benefit of development, the younger residents will. She recalled her father, a former selectman, who created the industrial park. If it weren't for Timberland and Lindt, she noted, our taxes would be much higher. She recognized the similarities between the vision her father had and this TIF and the corridor's development. It is a plan for the future. She compared it to the school budget, saying all the towns pay the same per student. Brentwood is solely residential so it is a much higher burden for their taxpayer than it is for Stratham because our taxes are offset by Lindt and Timberland.

Someone asked if there would be drop in hours for TIF questions in the evening. Mr. Lovejoy said he'd be happy to accommodate that. Mr. Moore said he would follow-up and schedule.

Maria Stowell Coach Road, based on her work at Pease over the past 25 years, she felt confident that businesses and developers would be interested in building in Stratham.

Pat Abrami expressed concern about the cost of development. He asked about funding of the discovery phase in the report. Mr. Moore responded that that money had already been appropriated at past town meetings for this purpose. He continued to express concern about risks and could not envision how the corridor would take shape. He questioned if this is what the residents want. Mr. Houghton said that he doesn't avoid things because they are hard or difficult; he chooses to do things because they have potential of being of great value. This would have great value for the future residents of Stratham. Much like Ms. Cushman's father, this project looks to the future. We are only asking for the first step in the process.

Another resident asked if Exeter was capable of handling Stratham's need for water. He said Exeter is currently having difficulty meeting the need of its residents and is in the process of revamping its facilities. His concern is that of Exeter being ready when we are. Mr. Houghton replied that we have had preliminary conversations with Exeter. Mr. Moore added that the investigation of obtaining water and disposing of waste would occur in the discovery phase.

Beth Petit, resident, asked about the logistics, to which Mr. Moore responded that the project would be done in phases. Ideally, a large parcel development interest would be close to where the connections would be made to anchor the first phase. Mr. Houghton explained that only when they have serious, interested developers and they know more details would they come back

with a Phase I proposal. That proposal would include cost to build, cost to taxpayers, a specific plan and specific developers.

Another resident asked if any developers had expressed interest. Mr. Houghton affirmed that they had. He again reminded the group that they are only bringing forth legislation to set up a TIF at this time. Mr. Moore noted that by setting up a TIF, developers know that the Town is serious which leads to more in-depth conversations.

A resident asked if the residents would have to pay for the students of people moving in to the TIF district or would their tax dollars would be going into the TIF fund? Mr. Moore responded that the zoning was for single apartments, for seniors or people starting out, so there is likely to be a minimal number of children.

Mr. Wool thought there was a limited number of time for the project but Mr. Moore said that was not true, there is no set time. Town meeting will decide if and when the project will proceed. Mr. Scamman stated that if this TIF doesn't pass, then our zoning doesn't work for properties in this zone. Mr. Houghton observed that the Town has been receiving requests for development incrementally on a back fill basis in that district, such as Starbucks. Those applications are not in compliance with the current zoning and have been approved with conditional use permits. The likely answer is yes, we will need to re-examine zoning if this does not pass. Developers can't build what the zoning calls for because the infrastructure isn't there. It's becoming problematic because the owners want to do something with their land and aren't able to because the infrastructure is not there to support it.

A resident expressed concern about his perceived lack of control over development. Mr. Houghton explained that zoning ordinances are in place. Mr. Moore added that what they are proposing will guide the development in the most productive and useful way for the Town. They hope to enter into a development agreement for that first large property owner. That agreement will include a commitment from a developer and to have a cost share estimate. They will not bring anything to Town Meeting that the Board does not think is in the best interests of the Town.

Another resident asked about the feasibility of the project. Mr. Moore pointed to earlier engineering and financial feasibility studies discussed earlier in the meeting.

Mr. Houghton motioned to close the public hearing. Ms. Knab seconded the motion which passed unanimously.

Respectfully submitted,

Karen Richard
Recording Secretary