

Rte. 108 Corridor Study Committee Meeting Minutes December 20, 2018
Municipal Center, Selectmen's Meeting Room
10 Bunker Hill Avenue

MEMBERS PRESENT

Lucy Cushman, Joe Lovejoy (Chairman, Selectman's Representative), Nathan Merrill,
Richard Swett, Michael Dane

MEMBERS ABSENT

Maria Stowell

STAFF PRESENT

Tavis Austin (Town Planner)

OTHERS IN ATTENDANCE

Russ Thibeault, President Applied Economic Research

CALL TO ORDER

Lovejoy called the meeting to order at 7:02 PM

ACCEPTANCE OF MINUTES

Swett moved and Lovejoy seconded a motion to accept the minutes of December 13, 2018.

Passed by unanimous vote.

HAND OUT

Route 108 Corridor TIF Briefing Materials prepared by Applied Economic Research dated December 20, 2018

DISCUSSION OF HANDOUT PREPARED BY APPLIED ECONOMIC RESEARCH

Russ Thibeault thanked Tavis Austin for his assistance in compiling the data for the subject report.

The presentation began with a discussion of the Report's objectives as described on page 2 titled "Today's Objectives".

- Refine and finalize TIF district boundaries
- Test if TIF district complies with the State statute
- Highlight the costs of Exeter tie-in
- Contrast AER's level of new construction with the District's build out
- Model the financials of phased tie in with Exeter
- Discuss the rationale for a TIF district vote at this time (before knowing costs of tie-in and before private commitments are in place).

The discussion of the parcels to be included in the TIF district included the questions of whether the parcels had to be contiguous, include the parcel where the water tower is to be placed, and include the parcel where the water pump will be placed. After considerable discussion the following 8 parcels will be added and one parcel will be removed.

<u>Add Parcel</u>	<u>Acres</u>
4-17	.46
13-127	2.27

13-129	8.92
9-49	10.88
9-51	2.09
13-19	1.03
13-21	1.44
13-38	2.16

<u>Remove Parcel</u>	<u>Acres</u>
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13-78	1.09
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Page 4 titled “Test of TIF RSA Limits” was reviewed.

The AER analysis showed that the Corridor Acreage Test for RSA Limits was met with TIF district acreage totaling 372 acres (3.75%) was within the Statutory Limit of 5.0%.

Page 5 titled “Weston Costs, Exclusive of Tie-in and Land Acquisition Costs”

AER’s analysis (based on the Weston & Sampson report) showed that the Town’s most economical model for minimizing capital costs for sewer and water would be to tie in to Exeter’s systems, and focus on the area from the Stratham Exeter Town Line to Market Basket totaling \$10.7 million. The other capital cost alternatives analyzed by Weston and Sampson (Stratham developing its own utilities, or tying into Newmarket) were deemed to be too expensive for consideration.

Page 6 provided an analysis of “AER’s Assumed New Construction within Buildout Analysis Estimates”

The objective of this analysis was to establish that the TIF district financing should be based on the “Bird in Hand” concept and not rely on the “Build it and they will come scenario”. The AER “Bird in Hand” analysis is based on a commitment from an existing property owner to commit to constructing an improvement on their property that would significantly increase the property’s taxable assessed value, and to contribute \$500,000 in capital to the project.

Page 8 titled “The Rationale for a TIF” was discussed:

- The experience of other communities indicates that the addition of sewer and water has a positive impact on new private investment. Several successful TIF districts around the state were discussed, along with criteria that help to ensure a positive outcome for TIFs.
- Stratham’s Route 108 corridor is not optimizing its private investment potential, at least partially because of a lack of sewer and water that will support more new construction and re-investment in existing improvements.
- Many corridor properties are ripe for new investment. (1) Current land values are low, relative to nearby areas with sewer and water such as across the town line in Exeter. (2) Building values are low relative to land value in the corridor (approximately 50%/50% improvements/land) compared to newly developed commercial and mixed use areas that are typically closer to 80%/30%.
- The financial modeling indicates that presuming a reasonable tie-in fee with Exeter and land acquisition costs, establishing a TIF will make infrastructure investment in the Gateway corridor financially feasible and will generate increased tax base to the town over time.
- Authorization of the TIF is a first step that will provide the framework to negotiate with private investors and Exeter to enable a fruitful private-public partnership
- AER recommends that Stratham should not issue bonds until contracts are negotiated with Exeter and private investment (bird in hand) is confirmed to ensure financial viability of the capital investment.

Pages 9 through 11 provided an analysis of the cash flow needed to support capital costs for development in the following phases.

<u>Page</u>	<u>Phase</u>		<u>Capital Costs</u>
9	A-1	Route 101 to Market Basket	\$10.7 million or
10	A-2	Route 101 to Frying Pan Lane	\$13.1 million or
11	A-1, A-2, B, & C	Route 101 to Stratham Town Center	\$29.3 million or

Merrill made a motion to consolidate A-1 and A-2 into one Phase A to bring water and sewer beyond Market Basket to Frying Pan Lane due to the marginal increased cost of \$2.4 million that would bring the lines much closer to several large parcels that are ripe for development. Swett seconded the motion. After discussion Merrill withdrew the motion. Work on economic modeling will continue with both A-1 and A-2 scenarios separate, but this is not intended to rule out potentially combining them in the final proposal to voters in the future.

Austin provided a Power Point Presentation depicting the Ironwood Design Group Build Out Analysis as described on Page 8. The Ironwood design depicted development possibilities between the Shaw's traffic light and the Market Basket traffic light. Total build out is projected to be 430,800 SF.

The question was asked if the Survey Questions for CIBOR Realtors was sent out. Merrill will follow up with Paul Deschaine to find out the status of the Questionnaire.

Joe Lovejoy said that he would meet with Roger Groux (owner of Honda Barn) to obtain his survey responses.

Swett volunteered to find contract names and telephone numbers for the following property owners in Phase A to conduct a verbal interview for the Survey Questions.

	<u>Parcel ID</u>	<u>Acres</u>
Ocean Job Lot	5-001	21.27
Staples Plaza	4-014	15.79
Market Basket	8-002	10.67
Irving Gas (Frying Pan Lane)	9-114	4.07
Monro & Sherwin Williams	9-115	2.72
Vacant Lot	4-013	1.39

NEXT MEETINGS

January 10, 2019 7:00 PM

ADJOURMENT

Cushman moved and Merrill seconded a motion to adjourn at 8:46 PM. Passed by unanimous vote.

SUBMITTED BY

Richard W. Swett, Acting Secretary