

Richard Talipsky of 79 Cromwell Drive.

Chairman of the Town's Economic Development Committee.

Annual report to the Town Council as required by our by-laws.

EDC Membership

Re-elected

Rich Talipsky – Chair
Gary Gump – Vice Chair
Bob Hamilton - Secretary

- **Bob Andrews**
- **Ray Berberick**
- **Duncan Ingraham**
- **Andrew Kelly**
- **Steve Lake**
- **Steve Larson**
- **John Palmieri**
- **Allen Shers**
- **Doug Smith**
- **vacant**
- **vacant**
- **vacant**

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

• **Town Council Liaisons**

– Jeff Plumb, Keith Hamilton, Jim Seveney (Alternate)

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We have 12 members that have exceptional and diverse backgrounds that range from business and community leaders, realtors and developers, engineers and a high school student.

Gary Gump is our Vice Chairman

and Bob Hamilton is our secretary. Our officers have been re-elected to serve another one year term.

(Introduce each member present)

Our Director of Business Development, Bill Clark, is an ex-officio member of our committee.

We currently have three vacancies

We appreciate the advice and counsel of our Town Council liaisons Jeff Plumb, Keith Hamilton and Jim Seveney.

Outline for This Report

- ***Status of Tax Base***
 - *Net Assessed Value Base for 2008 Tax Year*
 - *Tax Base History 1990 – 2008*
 - *The Tax Base Forecast*
- ***The Health of the Town Economy***
- ***PEDC Project Update***
- ***Business Development Director Summary***
- ***Backup slides with more information***

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Our 15 minute presentation tonight will provide an overview of the tax base, and where we think it is headed, an assessment of the economic health of the town an update of our work and plans for next year and a summary of the work of our Business Development Director.

We have provided you more details in backup slides.

Status of the Tax Base
Portsmouth Net Assessed Value Base
(Millions of Dollars)

Net Assessed Value	12/31/2007	12/31/2008	Change '08 vs '07	% Change '08 vs. '07
TOTAL ALL	\$3,661.5	\$3,705.1	\$43.6	1.19%
All Residential	\$3,233.1	\$3,276.9	\$43.8	1.35%
Residential less Rec-Res	\$3,063.7	\$3,073.7	\$10.0	0.33%
Rec-Res	\$169.4	\$203.1	\$33.7	19.94%
Comm, Indust, Utilites	\$306.4	\$307.6	\$1.2	0.42%
Tangibles	\$64.4	\$72.8	\$8.4	12.98%
CIUT	\$370.8	\$380.5	\$9.7	2.60%
CIUT & Rec-Res	\$540.2	\$583.6	\$43.4	8.00%
Motor Vehicles	\$57.5	\$47.8	-\$9.7	-16.88%
C, I, U and T as % of TOTAL	10.13%	10.27%	0.14%	
Rec-Res as % of TOTAL	4.63%	5.48%	0.85%	
C, I, U, T and Rec-Res as % of TOTAL	14.75%	15.75%	1.00%	

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* from Tax Assessor certified data on Dec 31

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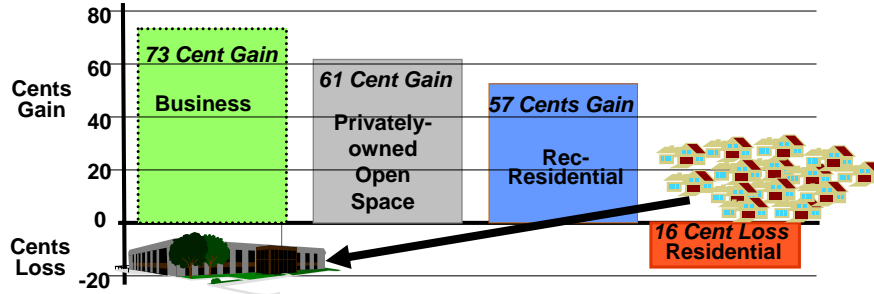
Here are the certified numbers for Dec 31, 2008 as compared to 2007. As we expected, the numbers did not increase as much as the previous year. (07 to 08 increase in Total Net Asset Value (i.e.Total tax base) was 1/7 of that experienced from 06 to 07; 07 of course was a Reval Year.) The bulk of the increase was in the Recreational- Residential Units (primarily in the Carnegie developments- The O'Neill built properties at Carnegie are 77% of the \$201M Rec-Res and these numbers are before the Carnegie Tower was finished). The commercial percentage stayed about the same at 10% with Recreational-Residential contributing an increase of 5 and a half percent. Of note is the decrease on MV valuation due to a change in the threshold for MV value being raised to \$6600 and not many people buying new vehicles.

Elements of the Property Tax Base

- **Most of the Town's revenue comes from the property tax base**

Revenue Positive	Revenue Negative
Commercial	Most Residences
Private Open Space	
Recreational-Residential	

Revenue Gain/Loss per Property Tax Dollar Collected



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)

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

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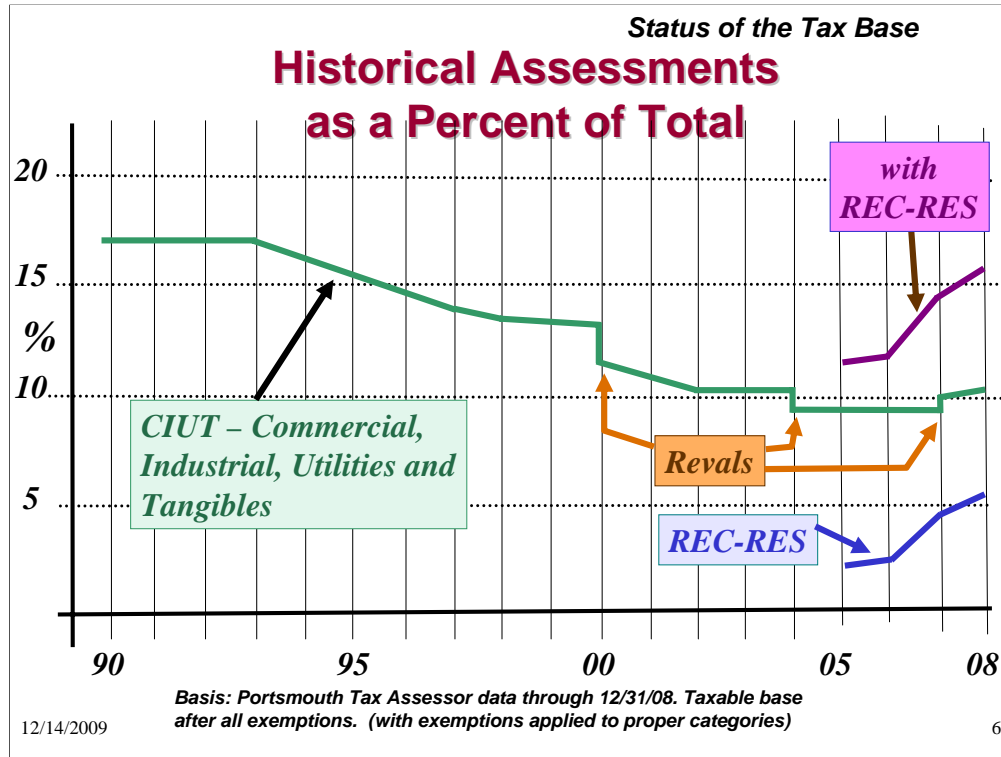
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As we have noted in previous reports, traditional residential property taxes are revenue negative in that they pay less than the services we provide in return.

On the other hand, Commercial properties, privately owned open space and those residences that we term "recreational-residential" are "Revenue Positive" in that they command less in services than they pay in property taxes.

The revenue effect of those high-value properties that are only occupied on a part time basis that we call "recreational-residential" is positive (Our measure to characterize first cut is to take the properties that have a taxpayer address other than Portsmouth with no local voter (i.e., a full time renter) registered at that address.)

The bottom line is that for every 14 traditional residences we build, we need to build one commercial building the size of the Renova (old Quadrax) building in the business park to offset the revenue loss.

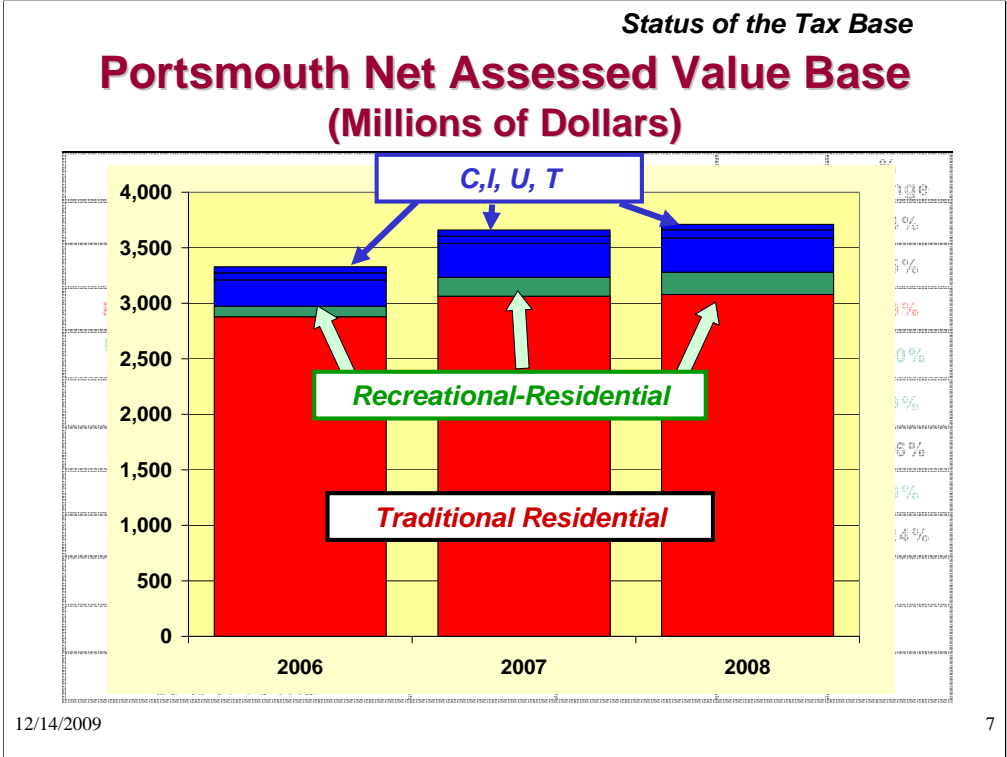


This is a graph that we first showed in our January 2001 presentation. It shows the continual erosion of business base valuation as a percent of total during the last decade of the last century.

The Town’s business development initiative, proposed by the EDC and adopted by the Town in 2001, placed a focus on business development and stopped the bleeding on the decline.

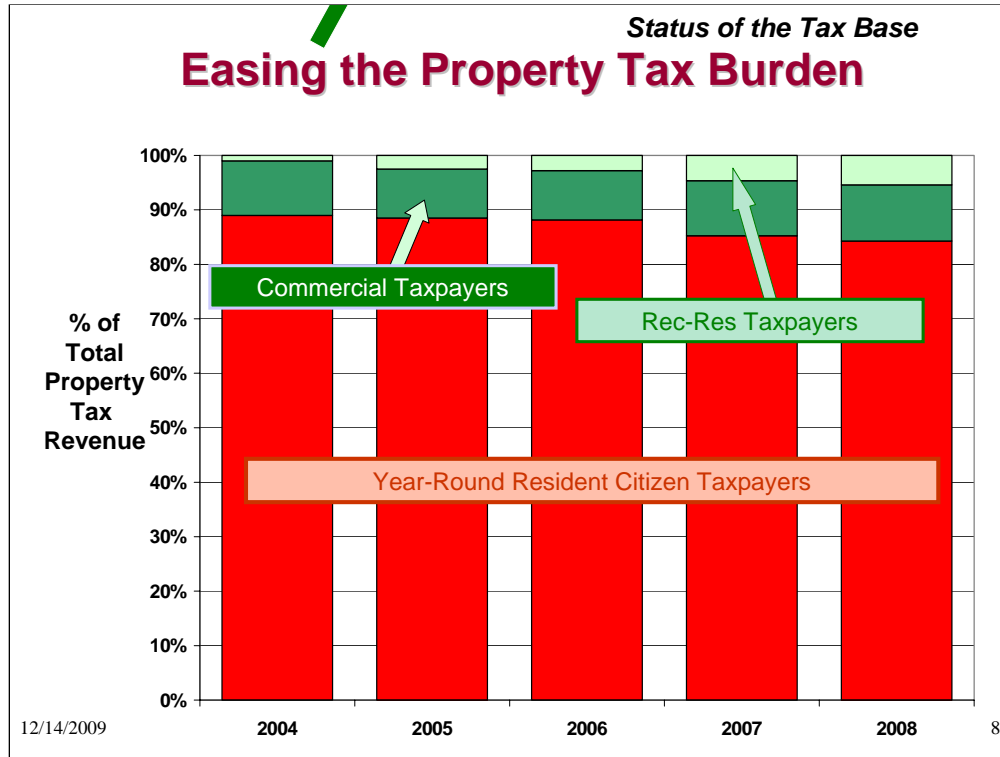
Without the affect of revaluation, commercial valuation percentages have stayed just about constant since 2002.

We have broken out recreational-residential property since 2005. Right now that adds a little over 5%.



Up until 2001, the percentage of taxes paid by citizens in traditional residences was on the rise.

This shows the growth in assessed value for the past three years. (2007 was a revaluation year) It shows the dramatic percentage of traditional residence valuation compared to other sources.



In 2001, the PEDC embarked on initiatives to reverse that trend with a goal to return to a residential levy of near 80% - a percentage that had not been seen since the early 1980s.

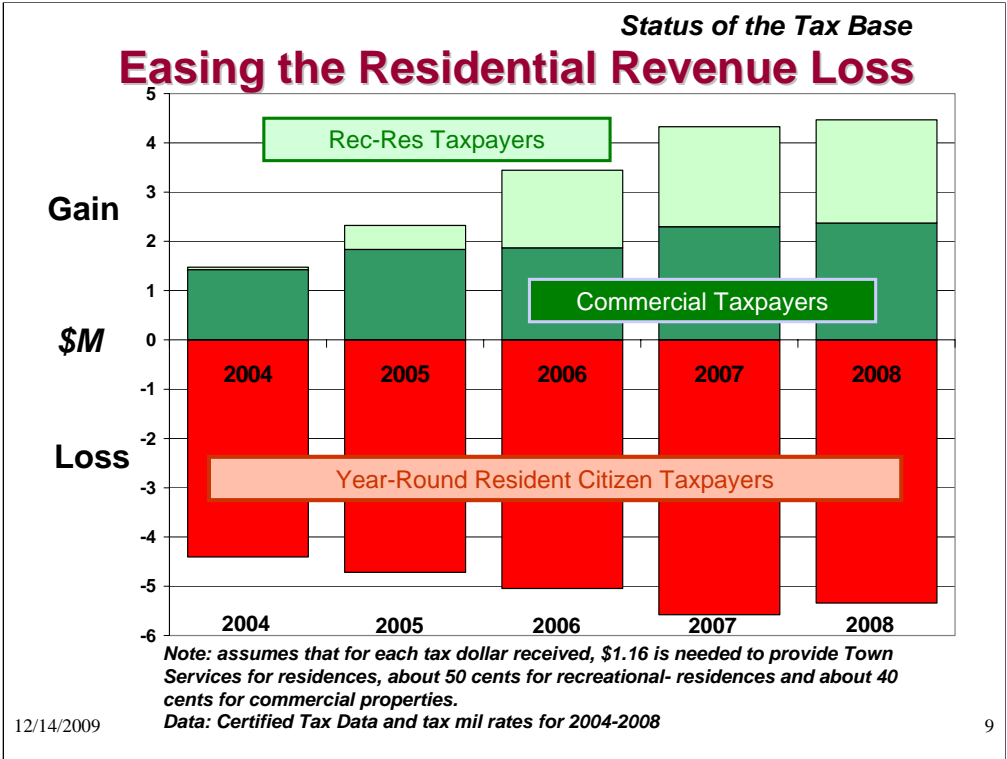
Over time several initiatives have developed; first we worked to stop the decline in the commercial tax base by focusing on commercial marketing with a Director of Business Development;

We embraced the notion of revenue-positive tax sources (those that pay more in taxes than they demand in services) This led us to champion rec-res development and privately-owned open space; We started tracking recreational-residential development in 2004.

Lately we have looked at the value of revenue generation sources (such as Glen Manor House and the wind turbine); and now we are looking harder at ways to reduce town expenditures.

Regardless of the changing strategies and emphasis the objective has always been the same- to reduce the tax burden on the Town residents.

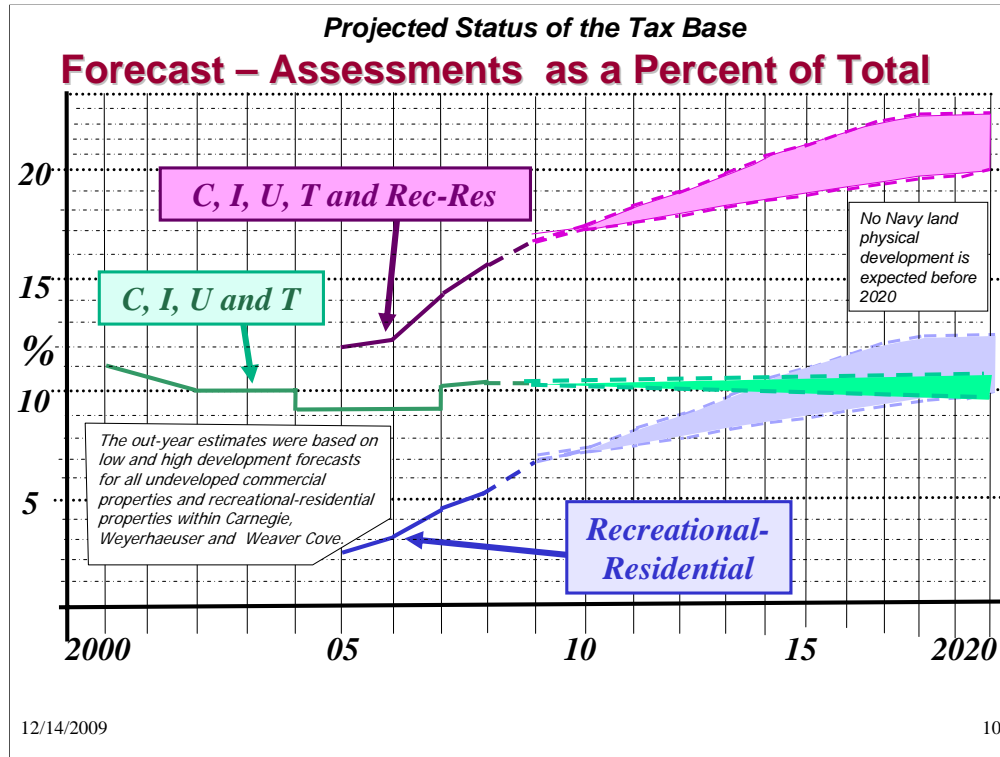
Looking at the percentage of the total property tax revenue stream, you can see here the reduction of the percentage of the total property taxes paid by those all-year round Portsmouth citizens as a result of commercial and rec-res properties.



Looking at it another way, if you take into account the revenue negative effect of residences, you can see the off-setting effect of commercial and recreational-residential properties in easing that loss.

Tax rates

- 2005 = 10.35
- 2006 = 10.95
- 2007 = 11.38,
- 2008 = 10.84,
- 2009 = 11.27



The big question is where the “Revenue Positive” percentage is heading.

Without any specific long-range plan, and in this troubled economy, this is real hard prediction.

This is the same forecast we presented in Dec. 2008. Little time has past and the current economic crisis makes forecasting difficult. We expect commercial growth to suffer and remain between about 9 and 10 % of total assessment.

We expect the recreational-residential base to be the chief contributor to the “revenue-positive” growth of the tax base for the next ten years. The majority of this development is within the Carnegie, Weyerhaeuser and Weaver Cove developments. We believe that as the economy recovers reinvestment in these properties will take the lead.

We don’t expect any appreciable development of the Navy lands (Tank Farms 1 & 2) before 2020.

However, this is just an educated guess. The answer to this question is what we are doing as part of our strategic planning process.

Conclusions

Status of the Tax Base

- **Commercial (CUIT) remains stable at ~10% of the 2008 Tax Base**
 - Except for the 13% increase in Tangibles the Commercial base showed little change
- **Recreational-Residential property valuation increased by nearly 20 percent (\$203M/\$169M)**
 - Nearly a 5.5% contribution to the 2008 tax base.
- **Our Business Development Initiative continues to be effective.**
 - Maintained the commercial tax base
 - Critical to continued growth of the “revenue-positive” percentage
 - Eased the tax burden percentage of our year-round residents
- **The state of the National and State economy, when they recover, and proper investment will determine how our Town’s economic health improves.**

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Recreational-Residential properties increased by nearly 20% and their contribution was over 5% (most of those are O’neil Carnegie Properties).

But, we still have a significant shortfall.

That is what we plan to tackle in Phase II of our Strategic Planning Process.

We believe that our Business Development initiative with Bill Clark at its center is critical to this

An Economic Crisis Continues

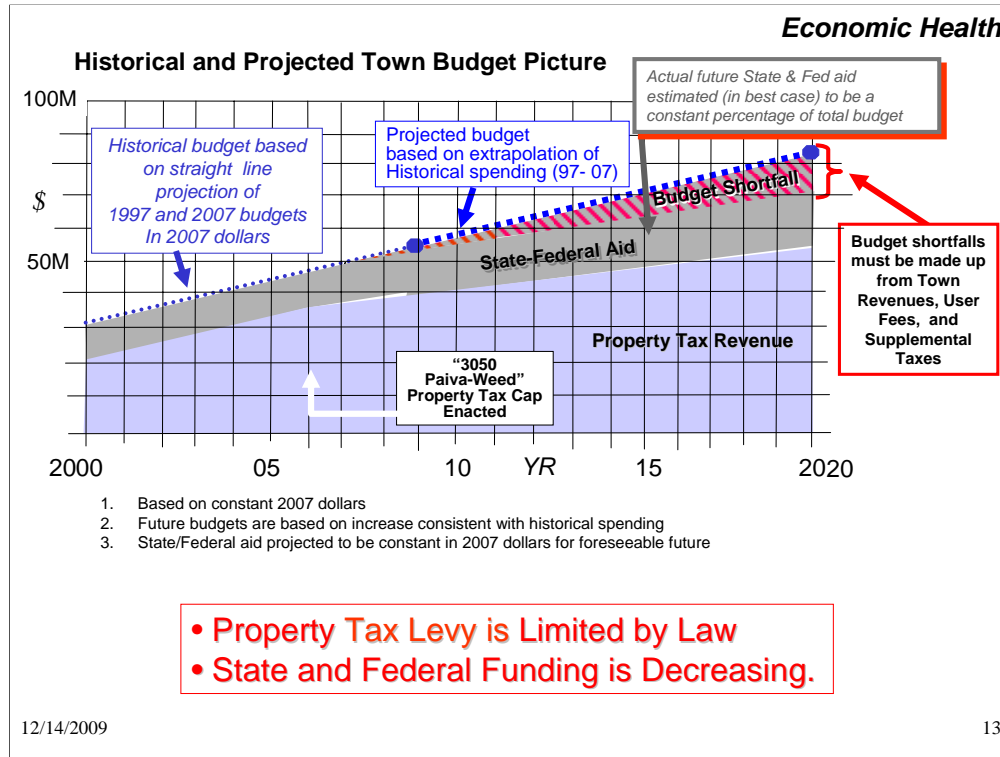
- ***Only a small portion of the Town's budget is discretionary in the short term.***
- ***The rest of the budget is in long-term agreements or entitlements that are not easily changed.***
- ***Portsmouth's General Fund Balance has improved, but remains significantly lower than the New England Municipal Medians.***
 - Threatens the Town's Bond Rating
 - Reduces "emergency" funding and rainy day flexibility
 - Reduces investment income and creates cash flow concerns

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There is little we can do in the short term, since much of the Town's spending is driven by agreements and entitlements (like pensions and school salaries).

We must continue to improve the General Unreserved Fund Balance. It is a key measure of financial health. The latest audited report (6/30/08) places this at 4% of Town revenue (it is currently a little below that number) - up from 2.5% in the prior year, but well below the New England medians of 7-8% for towns with A to Aaa Moody's Bond ratings. (Portsmouth's bond rating is A1.)



As we have showed you during our economic strategic planning work, and the Town’s historical spending profile, we had generally kept up with our budget growth with increased property taxes and State and Federal Aid. Since the enactment of the property tax cap legislation (called “3050” from the bill number or “Paiva-Weed for the bill’s lead author), we are limited in the amount we can increase taxes each year. State and Federal Aid, by most indicators, will probably go down.

The graph shows budgets and revenues in constant 2007 dollars. If we maintain the same average growth in spending that we have for the past ten years, combined with the tax cap and the fact that State and Federal Aid are decreasing will drive our Town’s spending into the RED. The situation is critical and requires action now to avert a long-term financial disaster.

If, as shown here, this assumes that our spending patterns remain as they have for the past ten years, and state and Federal Aid remains a constant percentage of the budget (in constant 2007 dollars). Our budget shortfall increases dramatically in the next 10 years. If we get less from the State and Fed (as shown in the cross-hatched area) the situation is even worse.

Our Current Revenues are Not Meeting our Budgetary Requirements

- **How do we make up the difference?**
 - Reduce the cost of doing business
 - Agreements, Entitlements
 - Consolidation
 - Shared Services, Regionalization
 - Encourage more “Revenue Positive” Development
 - New “revenue generators” to bring money in from outside
 - Enact more user fees or enterprise funds
 - Decrease Town services, programs
- **Long-Range Economic Strategic Planning and Budgeting**
- **Make Hard Decisions on Where We are Spending**
 - Critical, Essential, Routine, Non-essential

RI is at the bottom of nearly every measure of business attractiveness, but that doesn't mean that Portsmouth has to sit down there with the rest of the state

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Clearly, Property Taxes will not be enough for us to pay our bills.

Deficit spending has very dire consequences. We are in a crisis. We need to patch to hole in the hull, not just rearrange the deck chairs every year.

With property tax caps, there only a few ways to eliminate the deficit and it all lies is a long-term economic plan. The ways to do it are clear (1) Keenly negotiate all future long term agreements and entitlements programs (2) **Serious study of consolidation within the Town and island shared services or regionalization** (3) **Encourage** more “revenue positive” development, (4)create more venue generation to bring revenue in from outside the Town, (5) enact more user fees, (6) cut Town services and programs

A “zero-based” hard look at all the town’s spending (with a clean sheet of paper) is required to determine those things that are critical to the safety of our citizens, those things that are needed to keep the town operating at a minimum essential level and make hard decisions on which other Town programs are routine or non-essential and can be reduced or eliminated. (Example- zero-base one dept. each budget year on a rotating schedule)

The second phase of the PEDC’s Economic Strategic Planning Process aims at determining a **path to improved** economic health

Making Hard Decisions

It should interest you that in the Town Expenditures Workshop “Business Growth” was a “Top 3” Critical Expenditure and that “Revenue Generation” and “Regionalization” were both “Top 3” Essential Expenditures.

Strategic Planning Phase II

Basic Principles

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

Overall Economic Development Goal

- Reduce the Residential Tax Levy to no more than 80% of the Total
- Achieve a balance of town revenues and expenditures

Policies

- Build from the consensus on the top drivers of the Town's economy
- Identify actions to put the Town on the right path
- Identify and mitigate 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.

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Our main project for 2010 will be to continue the Economic Strategic Planning project.

The guiding principles remain unchanged- fostering economic vitality, preserving the quality of our community, and making living in our Town affordable for all our residents from young professionals to the retirees that built it .

The goals are clear and the policies for this phase are action oriented.

Collaborative Workshops and Surveys

Two Workshops and Survey Completed March/April 2009

Consensus Results

- 2007 SWOT is valid.***
- Town economic conditions continue to weaken***
- Town needs a healthy local business base***
- Development opportunities on the West Side are essential to economic health***

The Collaborative Process convinced us there is a willingness and an opportunity to achieve results with a near term action plan

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The workshops and surveys held earlier this year achieved consensus on several key points

- (1) Phase 1 analysis was validated as a good representation of the Town's economic environment
- (2) The Town economy continues to weaken,
- (3) A healthy business base is necessary to economic health and
- (4) West Side development is an essential ingredient.

Near-Term Strategic Plan Focus 2010-2012

- ***The Next Phase of the Economic Strategic Plan will:***
 - **Identify and Implement Near Term Revenue Positive Initiatives (other than the West Side) within the next two years**
 - **Develop Near Term actions (West Side Master Plan-Related) to pre-position the town to best seize opportunities as they emerge. (e.g., Zoning/PUD/PMD)**
 - **Propose Town Budgeting/Financial Initiatives**

The PEDC has started to interface and team with Town staff, the Portsmouth Redevelopment Agency, Planning, Zoning, Design Review Boards, other Town bodies and the citizens in the development of action plans.

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We will work issues that can achieve the maximum benefit in the near term- next two years This includes, first, ensuring the developable lands other than the west side are properly managed by providing businesses, property owners and developers more definitive rules by which they can make their development decisions. Second pre-position the Town to best seize the West Side opportunities as they are presented. Third propose Town budget initiatives to improve long range planning and performance.

The interfacing and teaming has started- We participated in a very productive workshop with the Planning Board and we have been working with the PRA on applying PUDs to Tank Farms 1 & 2.

This work required us to cancel plans for a November Community Workshop. We are working through a schedule now to phase the teaming meetings and to pick an appropriate points in the process for a community workshop and to request a workshop with the Council.

As we saw with the exceptional participation in our two workshops and survey, the community is very eager to help. We value this input and look to build consensus on new ideas for action.

PEDC Work for 2009

- **Sustainable Energy** www.portsmouthRIenergy.com
 - Completed Wind Project
 - East Bay Energy Consortium
 - Helping other communities

- **Former Albin Property Re-development Analysis**

- **Economic Strategic Planning**
 - Workshops I and II
 - Discussions with other Town bodies
 - Formulation of next phase

- **Continued Business Development Initiative**

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See backup slides for more detailed information

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Here is an overview of our projects for the past year. We have provided amplifying information in backup material following the main slides in your package and I will only cover each of these very briefly.

•Sustainable Energy – we complete the wind turbine project and turned over management to the Asst Town Planner. We are an active member in the East Bay Energy Consortium. Gary Gump and I have provided presentations to many nearby communities on our wind energy project.

-We provided an in-depth review of the former Albin property.

-We continued our Economic Strategic Planning Project

-We have continued our Business Development Initiative that is centered around our Director of Business Development

Plans for 2010

- **Sustainable Energy** www.portsmouthRIenergy.com
 - Wind Project -Monitor Project
 - “What’s Next?”
 - *Conservation initiatives*
 - *Examine Other Energy Technologies*
- **Continue to Provide Economic Perspective on Issues**
- **Phase IIa of our Strategic Planning Process**
 - Near term (2010-2012) Action Plan
- **Continue Business Development Initiative**

See backup slides for more detailed information

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We will continue our sustainable energy initiative while a separate committee manages constructing the Wind Turbine. Trying to get better terms on energy we sell back to the grid is at the top of the list since that will further enhance the economic return from our wind turbine.

What’s next – we are shifting our focus to the consumption side to look at how conservation can cause revenue generation.

We will continue to provide economic impact of Town issues.

And move onto Phase II of our strategic planning process- the near term (2010-2012) plan

We strongly endorse continuing the Business Development Initiative of which the Business Development Director is key.

And we’ll move on to the next phase in our strategic planning process.

**Director of Business Development
Bill Clark**

- ***2009 Activities***
- ***Key Focus for 2010***

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The center of our Business Development Initiative in our Director of Business Development and I would like to turn over the discussion to Bill Clark.

Major 2009 Activities

- **Enterprise Zone (EZ) Re-Designation - Approved**
- **Assisted in Business Tax Rulings – Saved \$55K**
- **Assisted Local Companies preserving EZ Eligibility**
- **Provided legislature with material for bill to correct EZ wage inequities**
- **Assisted building owners retain tenants**
- **Special appeal to EZ Council on behalf of Portsmouth marine business**
- **Instrumental in Park Ave. façade upgrade grant**
- **Small business financing & business planning assistance**
- **Promote potential locations to business brokers**

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

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1. Developed material & proposal for re-designating Ports/Tiv EZ – received unanimous approval
2. Assisted manufacturer with onerous Div Tax ruling – contacted state & industry agencies for support – ruling overturned saving \$55,000+ & preserving definition of manufacturing
3. Assisted Local Companies in EZ Process. Local tech company awarded large gov’t contracts – contacted & explained EZ credits available – company enrolled before hiring to preserve eligibility
4. Provided legislature with material for bill to correct inequities in EZ wages rulings – Will try again
5. Assisted building owner with prospective tenant, emphasized credits possible for tenant – firm did not leave Town – new building 80% leased
6. Made special appeal to Enterprise Zone Council on behalf of Portsmouth marine business
7. Awarded Park Ave. façade upgrade grant
8. Provided small business with info on possible financing & available business planning services to assist with decisions on changes & expansion plans
9. Promote locations to potential businesses, business locators & site finders

Key Focus for 2010

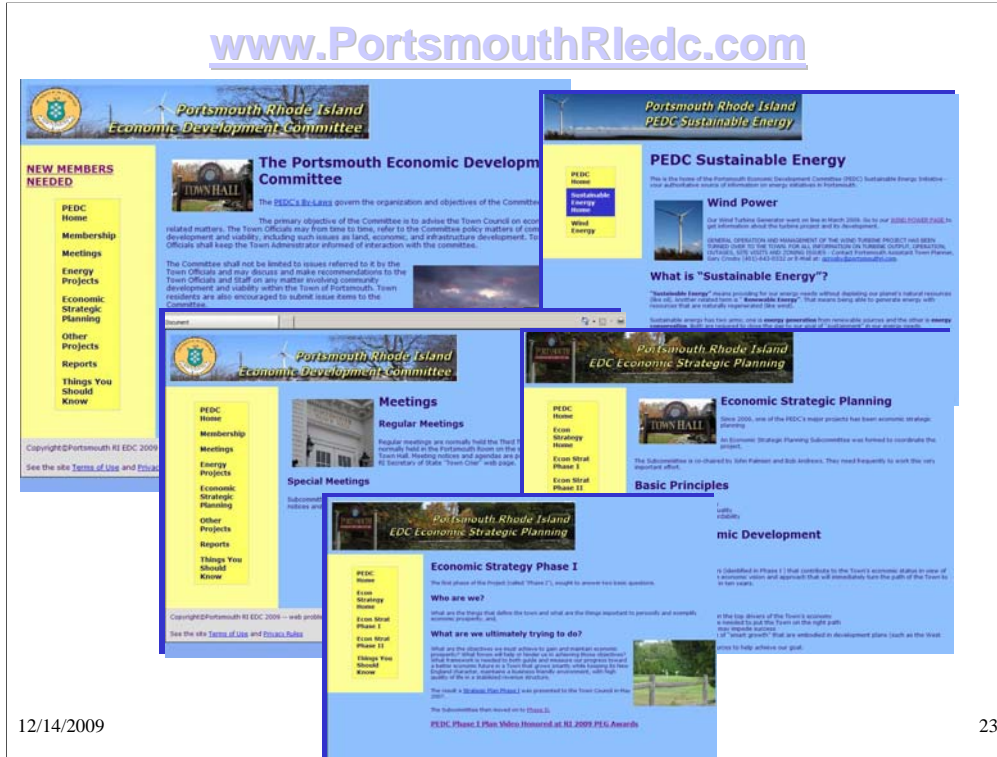
- **Expand new EZ participation during down economy**
- **Advocate for Portsmouth Marine Partners in “Melville Backyard” transfer**
- **Assist PRA (and others) in planning for potential development impact of tank farms**
- **Advocate a renewed Business Marketing Strategy**
 - Improve effectiveness of Town Web Site
- **Improve Portsmouth Business Recognition**

The Target
Growing Portsmouth’s Revenue-Positive Tax Base

12/14/2009

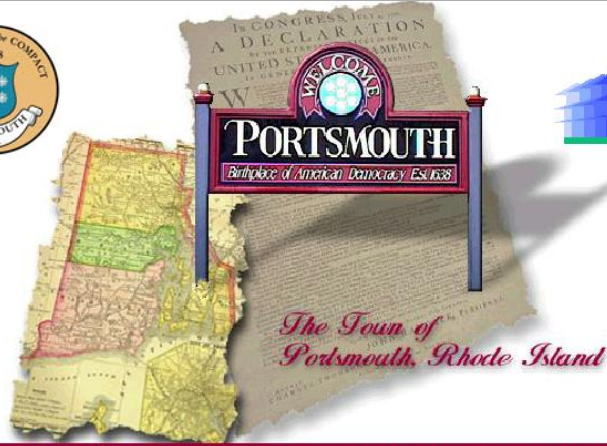
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1. Expand new EZ participation during down economy –encourage companies to take advantage of lower employment levels before upturn occurs
2. Represent Town support for Portsmouth Marine Partners & RIEDC in “Melville Backyard” transfer
3. Participate in planning for Assess potential development impact of tank farms – work with PRA, AIPC, PEDC – identify potential uses
4. Advocate a renewed Business Marketing Strategy Re-activate/update property available listings on Town website – advocate for improved/new website
5. Re-activate “business of the year” with Rotary & PBA



Our Wind Energy Site was an exceptional success at providing information on the wind project.

We had used our wind energy site to provide information for our workshop, but have now made the investment into a Portsmouth EDC site to better provide a forum that is easily updated with information as we continue our strategic planning process.



*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** - *VP for Corporate Development for Defense firm, Engineer, Retired Navy CAPT*
- **Gary Gump** - *Retired Communications Company Marketing Manager*
- **Bob Hamilton** - *Local Business Owner*
- **Bob Andrews** – *Local Business Owner*
- **Ray Berberick** - *Financial Advisor, Retired Army Officer*
- **Duncan Ingraham** – *Realtor, Former Naval Officer*
- **Andrew Kelly** – *Portsmouth High School Senior*
- **Steve Lake** – *Realtor. Retired Educator*
- **Steve Larson** – *Realtor*
- **John Palmieri** – *Museum Curator, Retired Naval Officer and Engineer*
- **Allen Shers** – *Realtor, Entrepreneur, Investor, Commercial Property Owner*
- **Doug Smith** – *Retired Educator and Naval Officer*

- **Vacancies (3)**

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Our membership has diverse backgrounds. Members are experts in a wide variety of competencies.

PEDC Projects

***The following provides additional
information on PEDC projects
for 2009 and 2010***

Wind Energy Initiative *PEDC Projects* **(2009 Project Results)**

- **2009 Wind Energy Project Accomplishments:**
 - WTG “on-line” March 2009
 - WTG Dedication Ceremony Apr 2009
 - WTG ownership transferred to Town June 2009
 - WTG energy production on predictions
 - *thru end of Nov. 1,910,000 kwh*
 - Successful in expanding Net Metering legislation to incorporate all municipal loads
 - Continued sharing WTG experiences with other communities in RI, CT and MA
 - Joined East Bay Energy Consortium (EBEC) as charter member
 - Represented Portsmouth in local media and nationwide coverage of WTG events via CNN, National Geographic, NPR and PBS

Sustainable Energy Initiative *PEDC Projects* **(2010 Expanded Project)**

- ***Sustainable Energy initiatives:***
 - Evaluate ability to increase RE generation to maximum allowed (approx 30%) via new municipal net metering legislation to cover remaining town loads
 - Pursue all Federal stimulus funds (grants and 0% loans) for RE where possible (DOE, DOC, DOI)
 - Expand efforts to improve energy efficiencies and cost reductions via NG statewide program
 - *PBA, Town, School Department, citizens*
 - Continue participation in East Bay Energy Consortium (EBAC)

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

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** Savings of 45 watts per bulb, 10 hours per day for 300 days per year*

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***Economic Strategic Planning
2008 PEDC Report to the Town Council***

- Outlined 2009 Economic Strategic Planning Focus to:
 - Develop a consensus on the top drivers of the Town’s economy.
 - Identify actions that are needed to put the Town on the right economic path.
 - Identify obstacles that may impede success.
 - Help achieve our goal by leveraging:
 - Principles of “smart growth” embodied in development plans (such as the West Side Master Plan)
 - Regional resources

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In the December 2008 annual report we laid out the focus of the process for 2009 –to develop community consensus; identify actions needed and obstacles to success; and to leverage smart growth principles and regional resources

Status of PEDC Strategic Planning Process

- ✓ Phase 1 Report (May 2007)
 - Developed the SWOT (**S**trengths, **W**eaknesses, **O**pportunities, and **T**hreats)
 - Outlined the project path ahead

 - Ⓜ Phase 2
 - ✓ Public Workshops and Surveys validated Phase 1 work (Mar-Apr 09)
 - **W**ide Community Stakeholder Participation
 - **T**own Council, **T**own administration, **T**own Committees and Boards, **T**own citizens, and other subject matter experts

 - Determine the “how” and “what” of the Phase 1 issues
 - Ⓜ – Develop Plans of Actions and Milestones that include implementation initiatives.
 - Ⓜ – Develop quantifiable measures of effectiveness.
- Ⓜ : *Completed* = *work in-progress*

Ⓜ

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The process builds on the Phase I report. Phase 2 started in March and April with two professionally facilitated workshops and an on-line survey to validate our Phase I work and guide the way ahead in determining how to build on our strengths and opportunities and counter the weaknesses and threats to the Town’s economic health. We had wide community participation 400+ participants- (116 workshops; 286 survey): over 650 community manhours of thought and participation; generated many ideas and suggestions in addition to the workshop and survey consensus rankings summarized in the backup slides. We have raised over \$6,000 in donations to fund the work.

“How”- what policies and actions to achieve the objectives

“What”- what resources and means to make it happen

Key Issues to Town Economic Health

- Achieving maximum benefit from prime developable properties.
 - *Increase attractiveness to developers*
 - *Maximize Jobs*
 - *Maximize Positive Revenue (property taxes, etc.)*
- Enhancing business incentives to locate and grow in Portsmouth
 - *Business friendliness*
 - *Lower cost of doing business*
- Positioning Town to best capitalize on economic opportunities
 - *Realize benefits of the Melville 'backyard' at earliest date*
 - *Development of Tank Farms 1 and 2*
 - *Make wise pre-economic recovery investments*
- Increasing potential value of Town-owned West Side recreational lands
- Ensuring economic development does not degrade the quality of life of Portsmouth residents.

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A Key Issue to economic health lies in the achievement of the maximum benefit from developable business properties. We know the areas of East and West Main road are bound to be developed. We want to enhance their attractiveness to community friendly businesses that maximize jobs and revenue. One of the ten principles of Smart Growth is to make development decisions fair and cost effective- that is what we want to do. Rhode Island is at the bottom of the Nation in business friendliness. But that doesn't mean that Portsmouth needs to lie their with the rest of the state. We can be better by being more friendly and reducing the cost and uncertainty of doing business in the Town. In a down economy, communities that make wise investments; not necessarily in \$ but in actions and better policies to position themselves for the recovery, will come out ahead.

We must position ourselves to seize the opportunities presented by our West Side when decisions are made on the Navy Tank Farms. The recreational potential of the west side is a pearl that should be cultivated for maximum value.

All this has to be done consistent with some measurable indicators of the quality of life valued by the Town.

Summary of Community Input to the PEDC SWOT Analysis

21 March 2009 PEDC Workshop - SUMMARY

- 60 people, including the PEDC attended the 21 March 2009 workshop. The purpose of the workshop was to get validation on the Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis that was conducted by the PEDC.
- Consensus was achieved through two methods: voting for 1st and 2nd priority of identified SWOTs; and allocating 5 green dots to top priorities, with no restricting on how they could be allocated, i.e. all could be allocated to one or multiple priorities. In addition there was brainstorming on other SWOTs that were not previously identified. This method of achieving validation was to obtain a consensus result vice a strictly statistical assessment.
- As a result of the workshop, the SWOT analysis prepared by the PEDC was validated.

Top 3 Strengths:

- Prime coastal location;
- Desirable community, NE character;
- Stable and growing business base

Top 3 Opportunities:

- Tank Farm development;
- Tourism (historic, agriculture, arts);
- Sustainable Energy Development

Top 3 Weaknesses:

- Lack of utility infrastructure;
- High cost of doing business;
- Town budget process

Top 3 Threats:

- Competing Town budget needs;
- Waste Water decisions for West Side;
- Lack of workforce housing

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Purpose achieve consensus vs strictly statistical assessment

•Vote 1st & 2nd priority (From list developed at meeting included Ph 1 SWOT & more- 19 Ops; 40 W & Ts; 31 S.

•Allocate green dots to top priorities

•Also brainstorm on other SWOTs, ideas and solutions- list of 25

Opps Tourism- recreational also

EDC is Working- All 3 ops;high business cost weakness; Top threat- get more revenues

Summary of Community Input to the PEDC SWOT Analysis (cont)

30 April 2009 PEDC Workshop - SUMMARY

- **56 people attended the workshop including the PEDC. This workshop was focused on classifying expenditures of the town. A qualitative assessment criterion was established: Critical, Essential, Routine, and Unneeded. The only definitions established were the priority of importance, with critical being most important and unneeded being the least important.**

- **Top 3 critical expenditures:**
 - Public Safety,
 - Education, and
 - Business Growth.
- **Top 3 essential expenditures:**
 - Smart Growth,
 - Police, and
 - Revenue Generation, Regionalization and Library (tied)
- **Top 3 routine expenditures:**
 - Road Maintenance,
 - Garbage Disposal and
 - Recycling.
- **Top 3 unneeded expenditures were:**
 - Duplicity of Services and ,
 - Open Space Management and More State Mandates (tied)

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EDC working- Critical exp- Business growth

Essential Exp- smart growth & revenue generation

Summary of Community Input to the PEDC SWOT Analysis (cont)

Survey on PEDC SWOT - SUMMARY

- **An on-line survey on the PEDC SWOT validation was prepared and a link was present on the Portsmouth, RI web site. This survey was a supplement to the March 09 PEDC workshop. There were 286 respondents as of 10 June 2009.**

Summary of demographics of people taking the survey

- **55.5% live south of Town Hall; 38.1% live North of Town Hall**
- **81.1% are employed, 14.9% are retired.**
- **95.7% own their residence**
- **92.5% are Portsmouth Voters**
- **15.7% are Portsmouth Business owners**
- **85.1% live in Portsmouth for greater than 10 months per year**
- **66% have a household income greater than \$50K**
- **56.7% are between 30 and 55 years old. 42.4% are older than 55.**
- **Female and males taking the survey were evenly split.**

Summary of Community Input to the PEDC SWOT Analysis (cont)

Apr-Jun Survey on PEDC SWOT - SUMMARY OF DATA

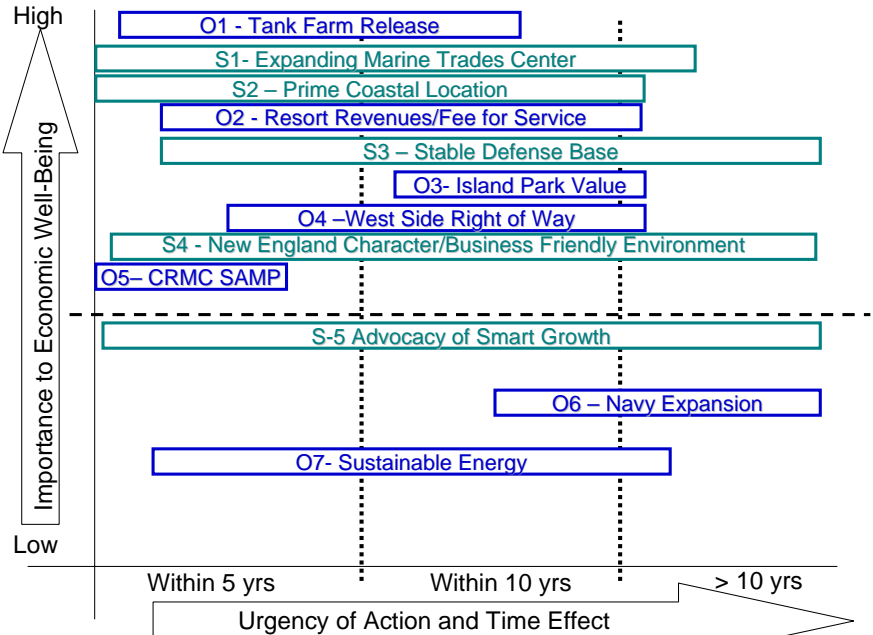
- *A majority of the respondents identified that the weaknesses need to be addressed within the next 5 years. 52.3% identified that the issue of Sewers needs to be addressed within the next 5 years. Greater than 60% of respondents identified that the remaining weaknesses should be addressed within 5 years.*
- *The threats identified in the PEDC SWOT were validated. 59.3% of respondents saw the influx of development as a threat to the NE Character of the town. The remaining threats were validated with greater than 65%.*
- *A majority of respondents identified that the threats should be addressed within the next 5 years. 61.3% identified that the influx of development threatening the NE Character of the town and the Uncertain Navy long-term future should be addressed within 5 years.*
- *Summary data includes:*
 - *62.6% of respondents believe the current economic condition of Portsmouth is weak, very weak, or critically weak. Only 4.9% believe that the economic condition of Portsmouth is strong or very strong.*
 - *72.1% of respondents believe the economic condition of Portsmouth has weakened or significantly weakened from 2008 to the present.*
 - *The strengths identified in the PEDC SWOT were validated by greater than 70% of respondents.*
 - *A significant majority (>75%) agrees that the identified strengths need to be capitalized on within the next 5 years.*
 - *The opportunities identified in the PEDC SWOT were validated. Island Park Development was validated with 65%; all others were validated by over 76%.*
 - *A significant majority (>70%) consensus agrees that the identified opportunities (except for Island Park Development) need to be addressed with the next 5 years. 56.7% agree that the opportunity to develop Island Park should be addressed within the next 5 years.*
 - *The weaknesses identified in the PEDC SWOT were validated. Lack of Sewers was validated with 59.6%; Lack of an Effective Transportation Infrastructure was validated with 68.2%. All other weaknesses were validated by greater than 74%.*

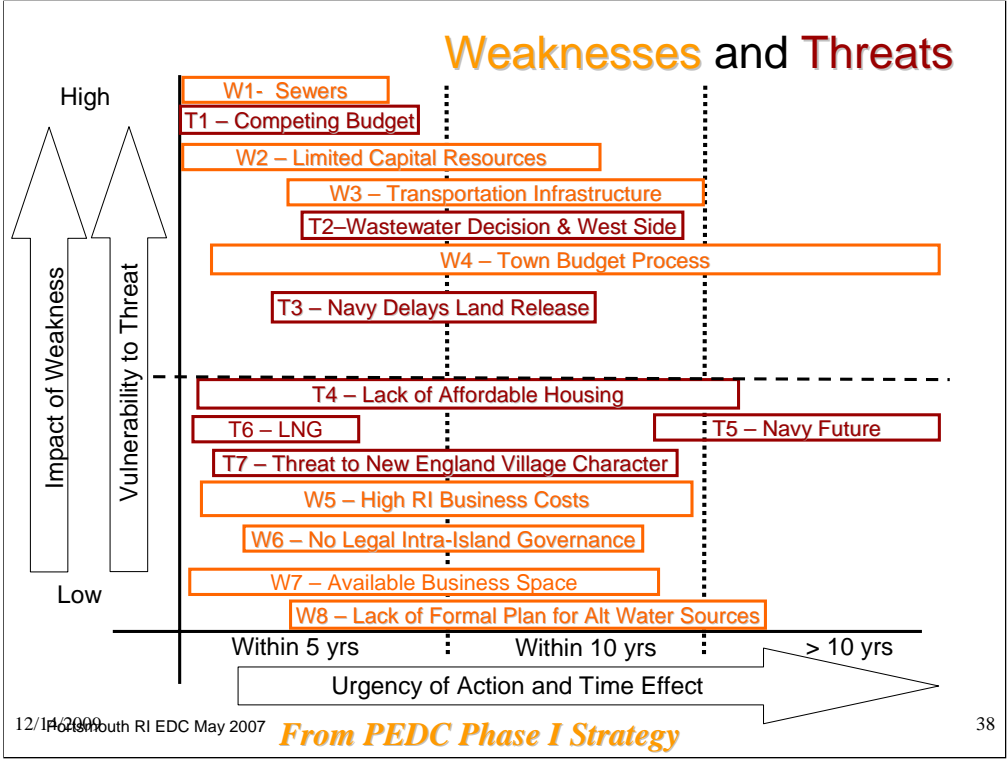
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General validation of SWOT. Also respondents took the time to provide 277 comments and suggestions.

Strengths and Opportunities





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**Carnegie Properties Analysis
Commercial & Rec- Res**

<i>Property/Year</i>	<i>Kaiser/Montaup Electric- 2000</i>	<i>Carnegie- 2009 Commercial</i>	<i>Carnegie- 2009 Rec-Res</i>	<i>Carnegie- 2009 Other Res & Vacant Lots</i>
<i>Appraisal</i>	<i>\$4.9M</i>	<i>\$18.6M</i>	<i>\$157.7M</i>	<i>\$21.7M</i>
<i>Taxes</i>	<i>\$0.11M</i>	<i>\$0.21M</i>	<i>\$1.73M</i>	<i>\$0.24M</i>
<i>Jobs</i>	<i>? (Security detail)</i>	<i>~50 fulltime ~200 in season</i>	<i>NA</i>	<i>NA</i>
<i>Year round residents</i>	<i>NA</i>	<i>NA</i>	<i>3</i>	<i>NA</i>
<i>Ptmth School students</i>	<i>NA</i>	<i>NA</i>	<i>0</i>	<i>NA</i>

***Jobs, Tax Base and Zero School Impact
Carnegie Properties is a Winner for the Town***

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The above analysis uses Dec. 31, 2008 tax roles and O’Neil Properties job data. Carnegie Commercial Properties include Carnegie Club, and Carnegie Harbor. The Rec-Res properties include Carnegie Tower, Harbor and Village. Vacant Res Land includes Carnegie Harbor and Village.

Note- Re Carnegie Commercial- Carnegie Club is on Portsmouth Abbey property and not on former Kaiser/Montaup Electric lands.

Business Development Details

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

Additional 2009 Activity

- *Consulted with business owners considering plans for expansion – allowed uses, zoning, permitting, – intro to other Town staff for assistance*
- *Initiated zoning & permitting discussions with boards, developers & attorneys– identify issues for possible change – continue with meetings in 2010 owners of large parcels - restrictions, alternatives*
- *Represented Portsmouth at RIEDC and Sec State expos*
- *Increased Portsmouth exposure at RIEDC - attended EZ Council meetings in support of business issues – connection to State programs – training, financing, employment, re-location, business legislation*
- *Initiated info chain via mailings, e-mail & phone to alert businesses & legislatures of threats to EZ funding – personal contact with Carcieri, Sasse, RIPEC*
- *Promoted & administered Enterprise Zone program – follow inquires, deliver material, enrolled new participants, assist with compliance, appeals*
- *Worked with commercial realtors to identify property for site seekers – exchange & update info on properties available*
- *Offered assistance to new Tiverton Town Planner with EZ program info to increase participation and viability of the EZ for both towns*
- *Welcome letter to new trade name registrations – inform about DBD office, EZ info, mail or deliver brochure*

2009 Activities

- **Continued to build relations with key development business partners – average contacts per month**
 - Business inquiries 16.0
 - Enterprise Zone activity 3.2
 - Portsmouth EDC 12.1
 - Town Council, Boards & Staff 9.4
 - Portsmouth Business Association 6.7
 - Brokers/agents 1.5
 - RIEDC, State offices, DOT, legislatures, SBA 9.3
 - Newport Chamber/civic groups 1.7
 - Marine Industries & O'Neill 4.0
 - AIPC/WSMP/PRA 1.8
 - Town Center Issues 3.2
 - Defense industry, Raytheon, Navy .6
 - Façade program 1.2
 - Local news media .8
 - Tiverton Planner & TEDC .5

average hrs. last 12 mos. = 71.2/mo.
42.4% over contract requirement

Additional DBD Focus for 2010

- *Advocate for business interests in Town issues: PEDC, Town Center Committee; zoning issues; PRA; highway planning; RIEDC.*
- *Continue business relationship building in Portsmouth & regionally*
- *Actively represent business interests in Town issues: zoning issues; Town Ctr. Comm.; PRA; PACC; highway planning; RIEDC*
- *Recruit new members for Portsmouth Business Association.*
- *Promote Portsmouth Town initiatives and EZ participation at PBA & other business expos*
- *Advocate for business friendly traffic & road improvements*
- *Continue applying in Statewide Planning CEDS nomination for Town Center initiative & EDA recognition*
- *Promote local business profile articles to media*
- *Town resource for business inquiries and issues*

"Every company counts!"