

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.

This presentation was originally scheduled for December 10th but postponed at the request of the Town Council.

EDC Membership

**Re-elected
for 2011**

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

- **Bob Andrews**
- **Ray Berberick**
- **Jamie Brown**
- **Terri Cortvriend**
- **Duncan Ingraham**
- **Ray Keller**
- **Andrew Kelly**
- **Stephen Lake**
- **John Palmieri**
- **Allen Shers**
- **Doug Smith**
- **vacant**

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

• **Town Council Liaisons**

– Keith Hamilton, Jim Seveney

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We have a complement of 14 of 15 authorized 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 have appreciated the advice and counsel of our previous Town Council liaisons Jeff Plumb, Keith Hamilton and Jim Seveney and glad to have Jim and Keith back as our liaisons.

Outline for This Report

- ***Status of Tax Base***
 - *Net Assessed Value Base for 2009 Tax Year*
 - *Tax Base History 1990 – 2009*
 - *The Tax Base Forecast*
- ***The Health of the Town Economy***
- ***PEDC Project Update***
- ***Business Development Director Summary***
- ***Backup slides with more information***

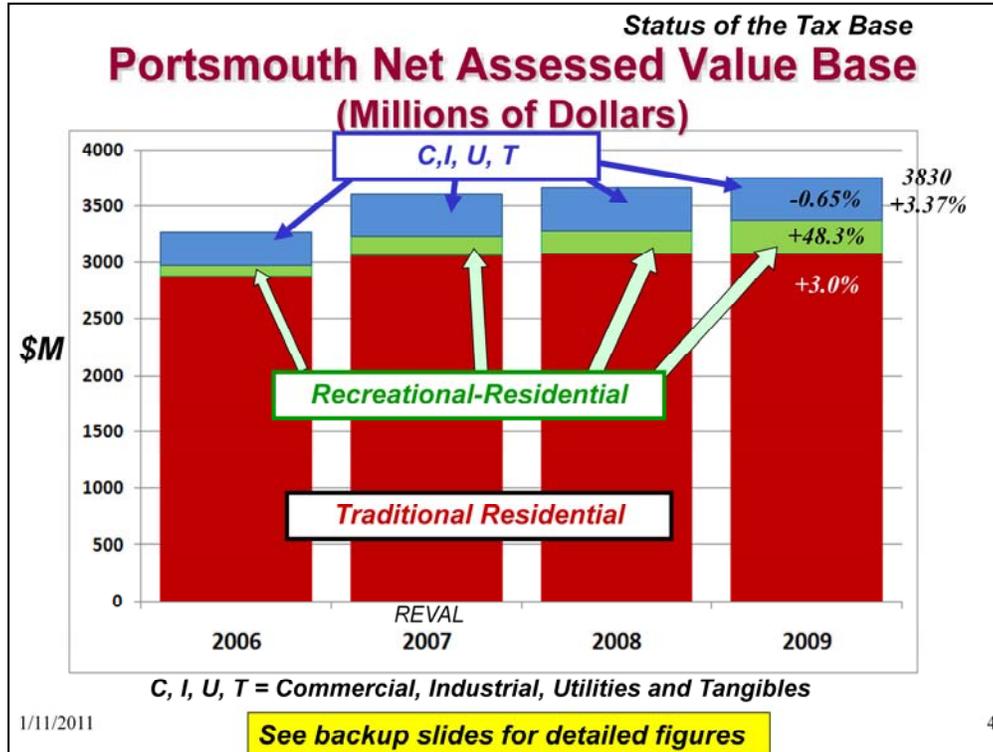
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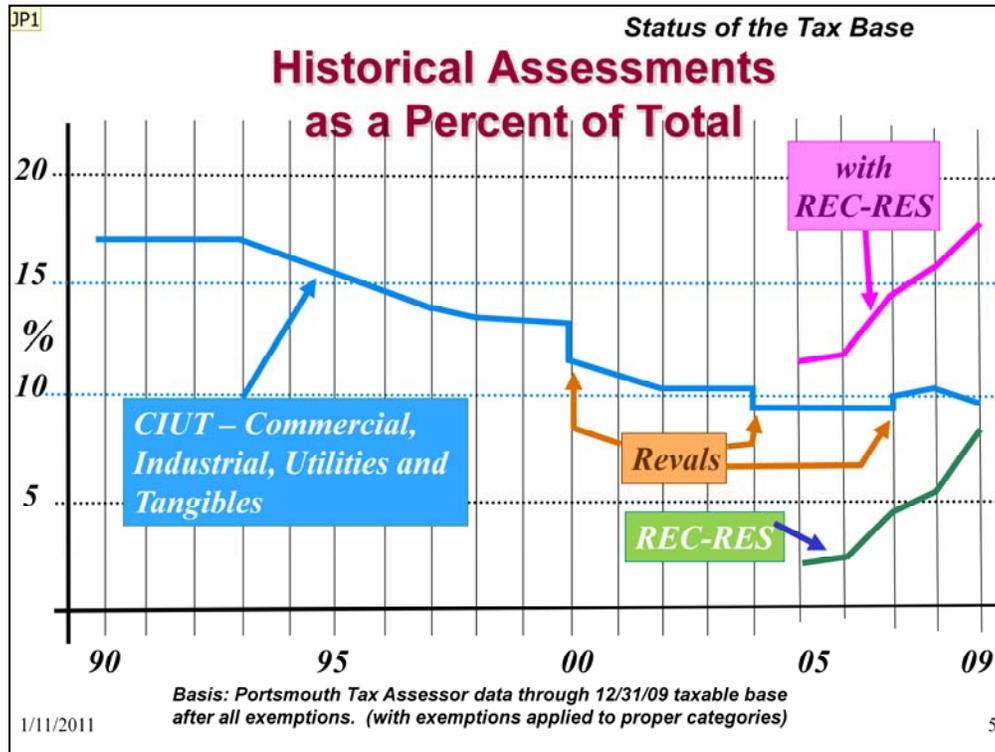
Our 15 minute presentation tonight will provide an overview of the tax base, and where we think it is headed, an assessment of the economic health of the town an update of our work and plans for next year and a summary of the work of our Business Development Director.

I am sure you will have many questions. We would like address them at dedicated workshop to provide you more information.

We have provided you a lot of details in the backup slides.



This shows the growth in assessed value for the past four years. The detailed data is back in backup slide 28. (2007 was a revaluation year) It shows the dramatic percentage of traditional residence valuation compared to other sources. Of \$3.7 billion total this years just over \$3 Billion is in traditional residential properties (or better put – our “year-round” citizens). Total assessment was up about 3.3 percent. Recreational residential was up just over 48 percent with the occupancy authority for the Carnegie Abbey Tower.



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 revenue-positive 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 almost 8%. We have defined Recreational-Residential properties as those who have a property tax payers address of record at a non-RI address and no registered voter at that property address (That is, no full time renter).

As I said before, the sharp rise in Rec-Res properties in 2009 is primarily due to the Carnegie Abbey Tower coming on line.

JP1 Update to 12/31/10 data
John Palmieri, 10/20/2010

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.

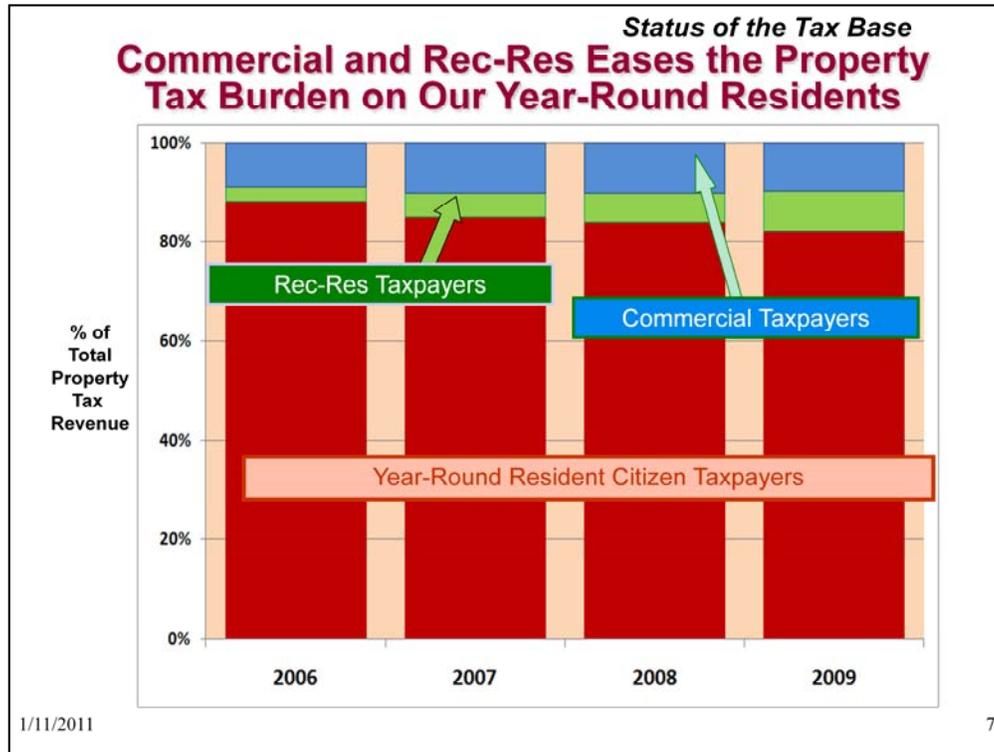
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As we have noted in previous reports, on average, traditional residential property taxes are revenue negative in that they pay less than the services that the Town provides in return.

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 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.



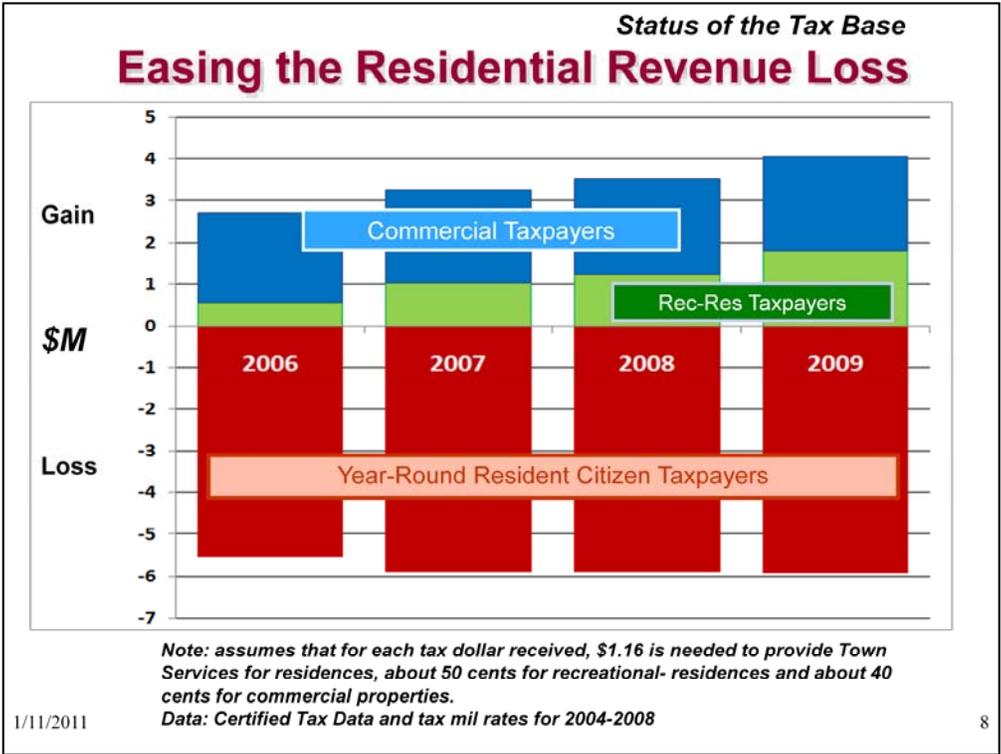
In 2001, the PEDC embarked on initiatives to reverse that trend with a goal to return to a residential levy of near 80% - a percentage that had not been seen since the early 1980s.

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.

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

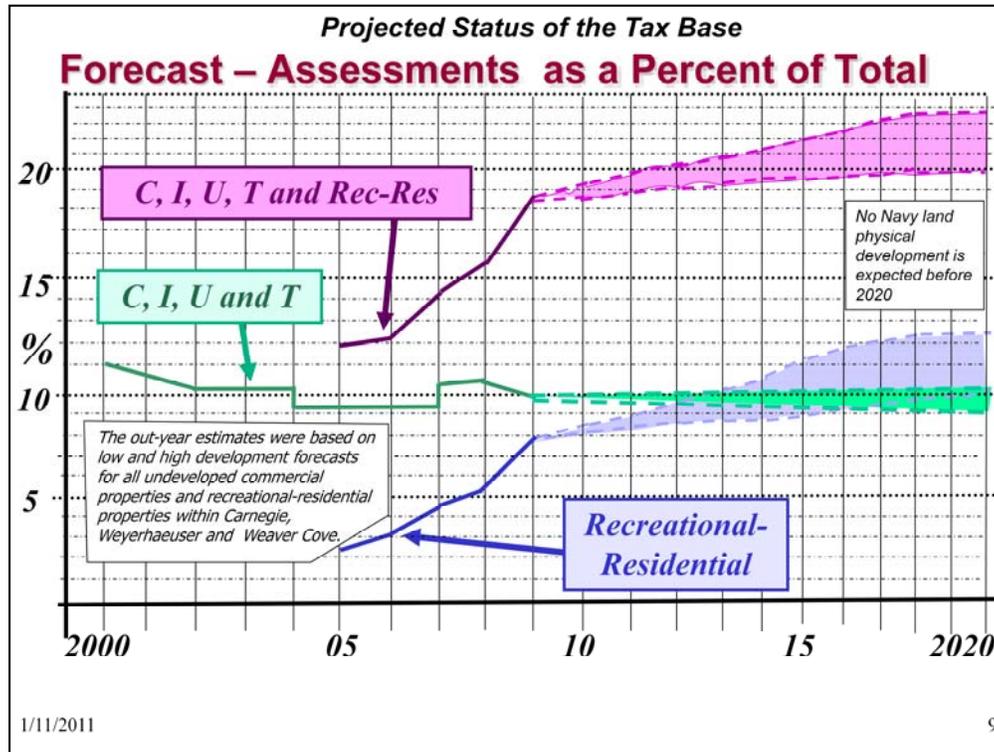
Looking at the percentage of the total property tax revenue stream, you can see here the reduction of the percentage burden of the total property taxes paid by those all-year round Portsmouth citizens as a result of commercial and rec-res properties.



Looking at it another way, if you take into account the revenue negative effect of traditional 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 the Town having 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, updated with actuals through Dec 2009. We expect commercial growth percentage remain constant between about 9 and 10 % of total assessment.

We expect the recreational-residential base to continue to be the chief contributor to the “revenue-positive” growth of the tax base, as it has since 2006. The majority of this development will be 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

- **Commercial (CUIT) remains flat at just under 10% of the 2009 Tax Base**

- **Recreational-Residential property valuation increased by over 48% percent (\$301M/\$203M)**
 - Mainly Carnegie Abbey Tower
 - Nearly a 8% contribution to the 2009 tax base.
 - but \$43 Million is in dispute
 - If in a reval there is a disproportionate drop in Rec-Res property valuation, this will drive up traditional residential property tax bills.

- **Our Business Development Initiative has been effective**
 - Maintained the commercial tax base in bad economic times
 - Critical to continued growth of the “revenue-positive” percentage
 - Eased the tax burden percentage of our year-round residents

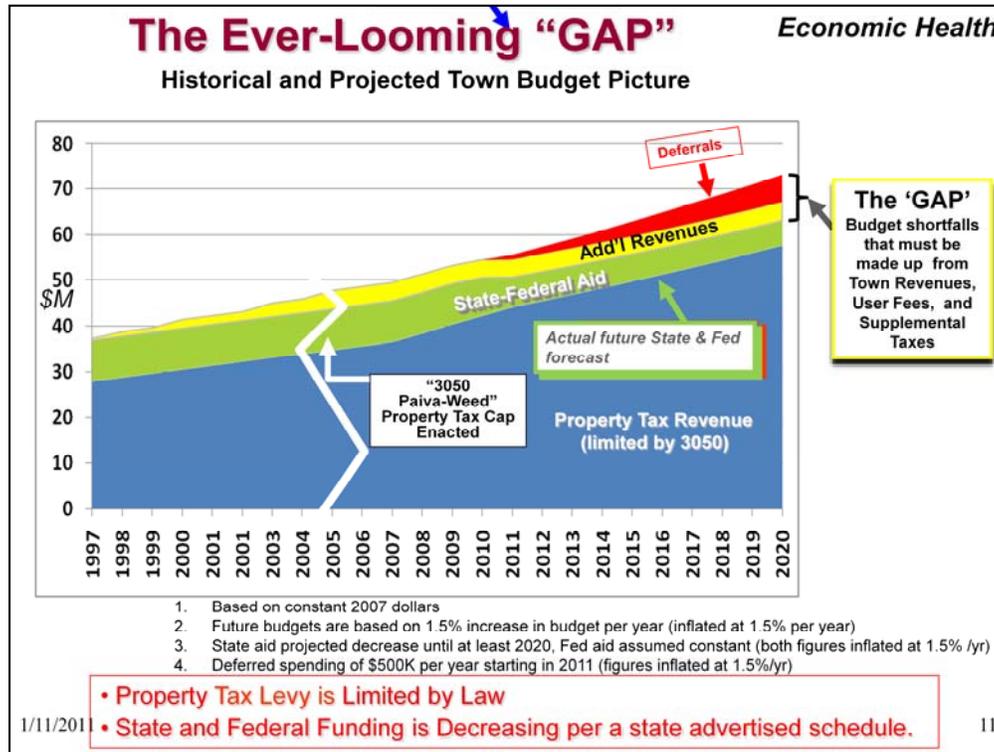
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Recreational-Residential properties increased by over 48% and their contribution was almost 8% (most of those are O’Neil Carnegie Tower Properties).

We believe that our Business Development initiative with Bill Clark at its center is critical to holding the commercial base, but we need to do more – specific financial development objectives that can focus the activities of the Town

That is what we plan to tackle as we continue our Strategic Planning Process.



As we have showed you during our economic strategic planning work, and the Town's historical spending profile, until 2005 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 property taxes each year. State Aid took a step drop this past year, by current forecasts, will go down.

All these numbers use a 1.5% inflation.

This chart assumes a 1.5% annual increase in the Town's future budget

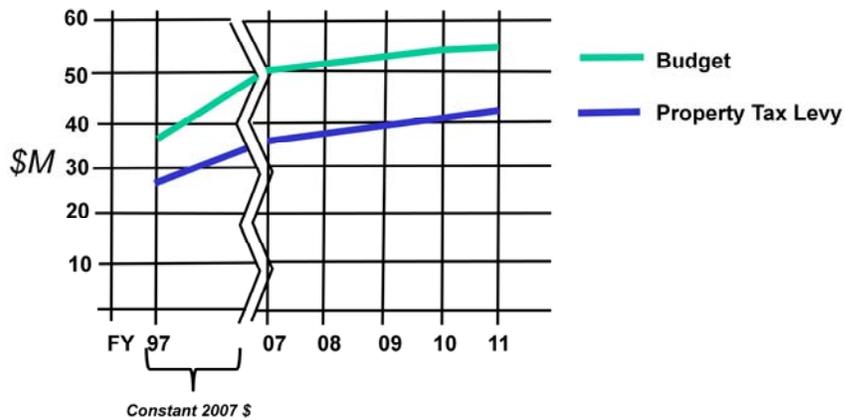
Spending reductions in the past year's budget have included "deferred" spending to future years. So, we included a \$500K deferral in each of the future year's budgets.

This also assumes that we generate no new revenue sources and current annual revenues remain the same.

Any moderation in spending is assumed to be items in the budget that we previously judged as "needed" for the town and were dropped (or 'deferred'). (i.e., some town entity of group of people "suffered" as a result of the reduction.)

If we continue this process of even a moderate reduction in spending compared to

**Rate of Budget Growth has Slowed
But Gap Has Not Been Significantly Closed by Sustainable Means**



Budget “Fixes” Further Threaten Sustainability

- FY10-11 - Town - Infrastructure & Paving Deferrals- approx. \$0.5M**
- FY10-11 - School - Application of One-time Funds- \$0.43M**
- FY11-12 – Forecast - \$1.5M**

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A bit more simply, even though we have made hard cuts in recent budgets, the budget gap between the property tax levy and the budget has not significantly closed.

In cutting our expenditures, we have made some cuts that are deferrals of items in the budget. If these deferrals turn out to be items merely “pushed to the right” they must be addressed in subsequent years. Perhaps at a higher cost.

Our Current Revenues are Not Meeting our Budgetary Requirements

- **How do we make fill “The Gap”?**
 - Reduce the cost of doing business (Make hard decisions on where and what we are spending (Critical, Essential, Routine, Non-essential)
 - Agreements, Entitlements
 - Consolidation
 - Shared Services, Regionalization
 - Encourage more “Revenue Positive” Development
 - Develop new “revenue generators” to bring money in from outside
 - Enact more user fees or enterprise funds
 - Decrease Town services, programs
 - Override Paiva-Weed and increase property taxes
- **Long-Range Economic Strategic Planning and Budgeting**

We need Innovative Ideas Managed as Enterprises

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So, although the rate of budget growth has slowed, our conclusions remain the same as last year. Action is needed on the full range of alternatives to achieve both cost reductions and revenue growth to fill that GAP.

There is a short list of alternatives.

To do that we need a long-range economic plan. The PEDC’s Economic Strategic Planning Process aims at identifying the alternatives and, from these, developing plans to improve economic health.

With the increased cost of those critical and essential needs, we anticipate that a shortfall of \$1M to \$1.5 to be the forecast in the next ten years. (that is a 1.5 – 2 % cost due to inflated prices)

The real answer is to generate more net positive revenue, by operating each town entity as an enterprise to identify those that traditionally operate at a deficit and mitigate that deficit while gaining the most revenue from those enterprises that are town money-makers by being innovative in our approach.

**What does it take to produce new net-positive revenues
without raising the tax burden (rate of \$11.30/1000)
on our residents?**

- **Each \$100,000 of NET POSITIVE REVENUE IS:**
 - **\$12M of New Commercial Property**
 - **\$15M of New Recreational-Residential**
 - **\$100K of New Net Positive Revenues from other sources**

***The Remedy to our Economic Health lies in a building
the wealth of our Town by a combination of the above.***

None of the Above are Possible Over the Short Term.

***A Long-Term Strategic, Focused Effort in All Three Areas
Can Make a \$1M Objective Within Reach***

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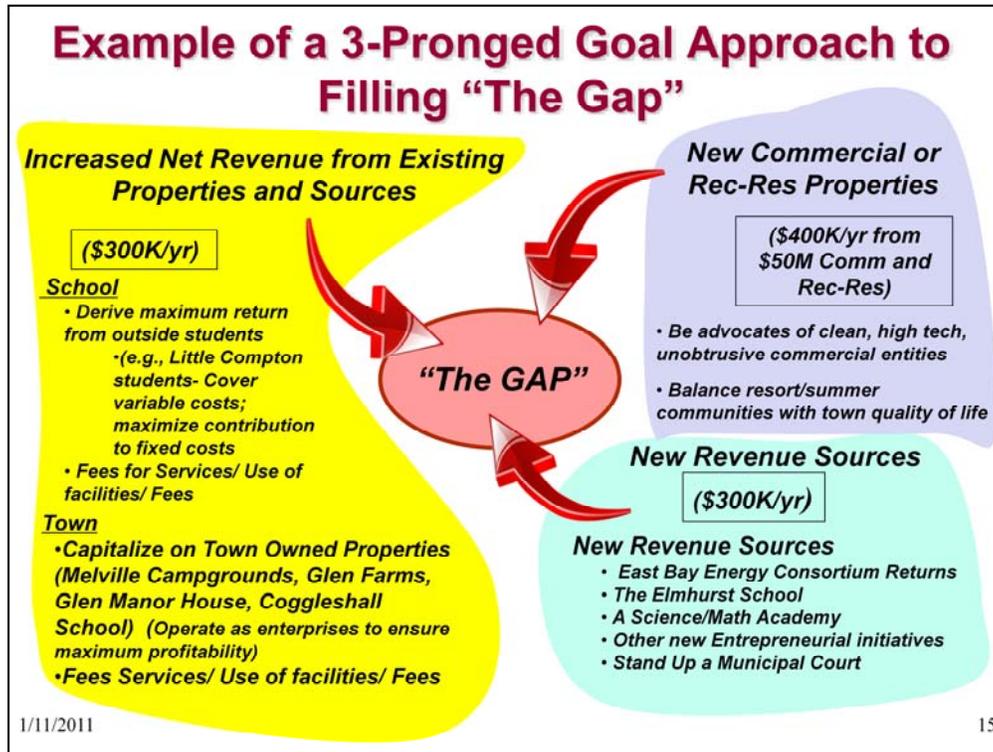
Looking at a budget shortfall each year, here are some ways how we can fill the gap with positive revenue. Let's look at a \$100K chunk.

Commercial property is the good answer because we get a net positive 73 cents for every \$1 of taxes, but we are barely holding the existing commercial base. Rec-Res offers less, but it has been and is expected to be a growth area for the Town. "Other sources" unfortunately often mean (but not necessarily) new fees on residents and businesses.

The best way is to generate revenue because each \$100K of net revenue equals that same \$100K in tax burden.

For example the \$225K revenue from the WTG last is the equivalent of about \$20 million of taxable property.

In looking at making up a \$Million, there is no one way that can, in the short term, do it by itself.



Using all three methods, we must set goals in a three-pronged approach to filling the gap. This slide shows some example ways the Town could generate \$ 1 Million in new revenue.

1. Use our Town assets to our advantage in gaining new revenue.
2. We must business friendly such that clean, high tech unobtrusive corporations want to come here and also create a balance with our resort and summer communities to maintain the quality of our town.
3. The bottom line is that we need to be innovative in bringing in Out-of Town dollars to our community.

Strategic Planning Principles and Policies

Basic Principles

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

Overall Economic Development Goals

- Reduce the Traditional Residential Tax Levy to max of 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.

Backup Slides provide information on Strategic Plan Development

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The principles, goals and policies of our Strategic Planning process (shown on this slide) remain unchanged, but in late 2009 and 2010 we focused on a near term economic strategic objective. Backup slides show our strategic planning process progression.

The principles are based on:

- Economic Vitality
- Community Quality and
- Affordability

With a goal of reducing the tax burden on our year-round citizens who built our town.

We need to build a consensus on what is needed, and identify actions to make it happen and avoid roadblocks along the way.

We have many assets that we can leverage by smart growth to achieve our goals.

Near-Term Economic Strategic Plan

- **An action plan to jump-start improvement in Town's economic health by:**
 - **Town Council taking a Strong Leadership Role**
 - *Workshop with PEDC to understand and weigh-in on previous work*
 - *Understanding of Root Causes and Net Benefits*
 - *Setting priorities for resource investment (personnel and \$\$)*
 - **seizing available and emerging opportunities, such as:**
 - *Capitalizing on the success of the WTG as part of a broad energy sustainability plan*
 - *Position the Town for optimum West Side development*
 - *Leverage our Recreational Gems*
 - **attacking critical weaknesses and roadblocks, such as:**
 - *Budgeting and Permitting practices*
 - *High Cost of Doing Business*
 - *Infrastructure shortfalls (water, transportation, sewage disposal)*

•The details are in the backup slides.
•They involve many projects with exciting opportunities.

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Our Near term action must be focused on jump starting our economy to enter the recovery at best speed.

Town Council involvement, leadership, understanding of the issues and setting priorities as top where invest our limited assets

We must leverage our current assets and turn them into economic success stories and address the weaknesses that will try to threaten attainment of our goals

The plan is detailed in the backup slides. There are a number of reports and projects that will require careful analysis in early 2011 to see how they may affect our town – Examples of things that need in-depth study are: the AIPC Transportation Study Report, the West Side Shuttle Train Station project; and the Market analysis of the JFK Carrier project among many others. The PEDC is glad to be back at full strength and committed to be active in these analyses to provide complete and balanced information and recommendations that work towards the best outcomes for Portsmouth.

How to Measure Our Economic Health

- **Develop SMART Metrics**
 - Specific, Measurable, Attainable, Results-Oriented, Time-Determined
- **Measure Portsmouth Against**
 - Other RI Municipalities
 - Other New England States
 - The Nation
- **Measure Wealth-Building Enterprises**
- **Measure the Prosperity of Our Citizens**
- **Measure Our Quality of Life**
- **Commit to Measurable Objectives to gauge progress**

RI continues to be 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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To know if our policies are working we'll need SMART metrics. They must measure our progress against other RI municipalities, other New England States and the Nation.

Our economic recovery must be underpinned by bringing in wealth from outside while making our citizens prosper in a quality environment.

PEDC Work for 2010

- **Sustainable Energy**
 - Monitored Wind Project
 - East Bay Energy Consortium
 - Helping other communities
- **Provided Economic Perspectives on Issues**
- **Economic Strategic Planning**
 - Discussions with other Town bodies
 - Formulation of next phase
 - Frequent Input from the Citizens
 - **PEDC web-based surveys for public input**
 - Portsmouth Town Website survey (completed w/ report)
 - Portsmouth Business Owner survey (active)
 - Portsmouth Budget survey (active)
- **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.

- As part of our economic strategy process we have leveraged the effectiveness of our web site in providing information and being a vehicle by which to do our periodic surveys to gain public input on issues.

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

Plans for 2011

- **Sustainable Energy**
 - Wind Project -Monitor Project
 - Continue to Participate in the East Bay Energy Consortium
 - “What’s Next?”
 - Conservation initiatives
 - Examine Other Energy Technologies
- **Continue to Provide Economic Perspective on Issues**
- **Continue our Strategic Planning Process**
 - Implement Near term Action Plan
 - Develop Goals and Metrics
- **Continue Business Development Initiative**

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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.

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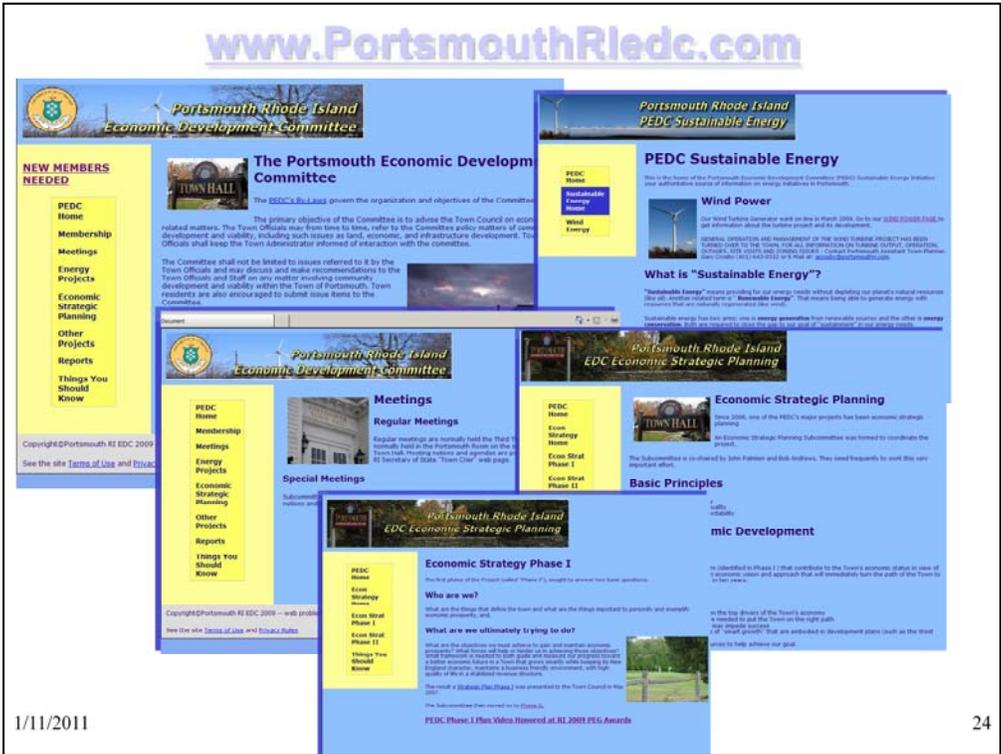
The center of our Business Development Initiative in our Director of Business Development and I would like to turn over the discussion to Bill Clark.

2010 Activities

- *Lobbied legislature to continue funding for EZ program – successful*
- *Responded to businesses seeking better identification for Portsmouth Business District – worked with DOT – made presentation to State Traffic Commission - STC approved*
- *Participated in RIEDC staff field visits to local companies – identified areas of assistance*
- *Created resource guide for inquiries on business start up, zoning, permitting with PEDC volunteers*
- *Awarded Park Ave. grant to marina for new signage & landscaping*
- *Provided local businesses with sources for financing*
- *Interacted with site seekers, realtors, landlords, RIEDC on properties for lease or sale*

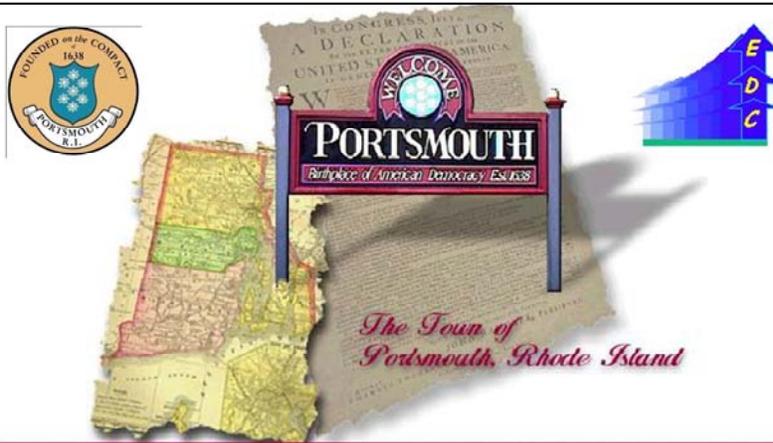
Key Focus for 2011

- Advocate with legislatures for tax code changes – most small businesses can not use earned credits
- Continue/finalize initiative with DOT for improved Business District highway signage
- Improve Town website “property available” info, keep current, enlist realtor & landlord participation
- Liaison to RIEDC Office of Regulatory reform
- Work with PRA, AIRPA, AIPC, Planner on tank farm re-use analysis & plans for future
- Make Park Ave. Façade grant – seek additional program funding from CDBG
- Solicit new & re-activate registrations for EZ participation
- Represent Town concerns, interests & support for transfer & development of “Backyard” transfer to Portsmouth Marine Partners – close contact with RIEDC



We 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.

We strongly endorse the upgrade of our Town' web site at the earliest opportunity.



*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** – *Retired Local Business Owner*
- **Bob Andrews** – *Local Business Owner*
- **Jamie Brown** – *Portsmouth High School Senior*
- **Terri Cortvriend** – *Local Marine Business Manager*
- **Ray Berberick** - *Financial Advisor, Retired Army Officer*
- **Duncan Ingraham** – *Realtor, Former Naval Officer*
- **Ray Keller** - *Recently retired Chief Financial Officer (CFO). SBA Consultant*
- **Andrew Kelly** – *Portsmouth College Student (recent PHS graduate)*
- **Steve Lake** – *Realtor. Retired Educator*
- **John Palmieri** – *Museum Curator, Retired Naval Officer and Engineer*
- **Allen Shers** – *Realtor, Entrepreneur, Investor, Commercial Property Owner*
- **Doug Smith** – *Retired Educator and Naval Officer*

More detailed biographical information is available at www.portsmouthRIEDC.com

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

<i>Status of the Tax Base</i>				
Portsmouth Net Assessed Value Base				
(Millions of Dollars)				
Net Assessed Value	12/31/08	12/31/09	Change	% Change
Total	3705	3830	125	3.37%
Residential	3277	3376	99	3.02%
Residential (less rec-res)	3074	3075	1	0.03%
Recreational Residential (estimate)	203	301	98	48.28%
Commercial, Industrial, Utilities	308	306	-2	-0.65%
Tangibles	73	68	-5	-6.85%
C,I,U,T and Rec-Res	584	674	90	15.41%
Motor Vehicles	48	68	20	41.67%
C,I,U and T as % of Total	10.28%	9.77%		-0.51%
Rec-Res as % of Total	5.48%	7.86%		2.38%
C,I,U,T and Rec-Res as a % of Total	15.76%	17.62%		1.86%

1/11/2011 * from Tax Assessor certified data on Dec 31 28

Here are the certified numbers for Dec 31, 2009 as compared to 2008. \$99M of the \$125M increase in total net assessed value is driven by the (Rec-Res) Carnegie Tower; however \$43M of this assessment as been disputed by the developer. Rec-Res is the fastest growing part of the tax base and now contributes almost 8% to the tax base; if the protest were upheld it would still be 6.7%. The commercial (CIUT) is flat at just under 10%. Of note is the increase in MV valuation due to a change in the threshold for MV value being lowered and the increase in the purchase of new vehicles.

Examples of Economic Indicators
It is More Than Real Property Base

Parameter	Indicator	2000	2008	2009	2010
Portsmouth Resident Labor Force	Total Force	9212	9367	9261	9409 (avg. thru Nov)
Resident labor force employment	Unemployment %	3.4% avg.	6.0% avg.	9.0% avg.	9.8% (avg. thru Nov)
Resident labor – educational attainment	25 yrs & older Assoc. degree or higher	49.6%			
Portsmouth Res. Employed by private business	Total Portsmouth private employment	5205 (2002)	5521	5194	4646 (1 st Qtr)
Portsmouth resident income	Portsmouth median household income	\$58,835	\$65,792 (Newport County, BLS)		\$72,100 (Newport Cty, FHFA)
Portsmouth housing-affordability & price stability	Portsmouth avg est. home value		\$352,606 (May 2008)	\$261,736 (May '09)	\$247,981 (May '10)
Portsmouth resident workforce- income	Portsmouth Average wage Private & Govt			\$49,538	\$51,569 (Based on 1 st Qtr wages)
Portsmouth resident workforce- income	Portsmouth Average wage Private only		\$50,210	\$50,315	\$51,949 (Based on 1 st Qtr wages)

*Sources- Labor, Income & Wages- RI Statewide Planning/Dept. of Labor & Training. Others as noted.
Housing- <http://realestate.aol.com/Portsmouth-RI-real-estate>*

Economic Indicator Data Sources

Resident labor force- RI Statewide Planning & RI Dept. of Labor & Training

Private business employment- RI Dept. of Labor & Training

Median household income- - RI Dept. of Labor & Training

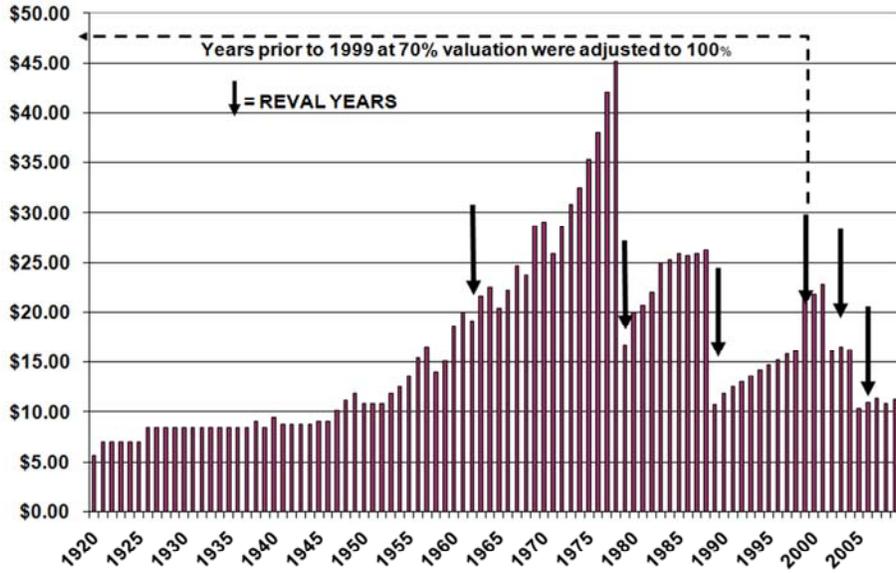
Home values- <http://realestate.aol.com/Portsmouth-RI-real-estate>

Average wages- RI Dept. of Labor & Training

Comments

Missing is a good indicator of Portsmouth business activity

Portsmouth Historical Tax Rates

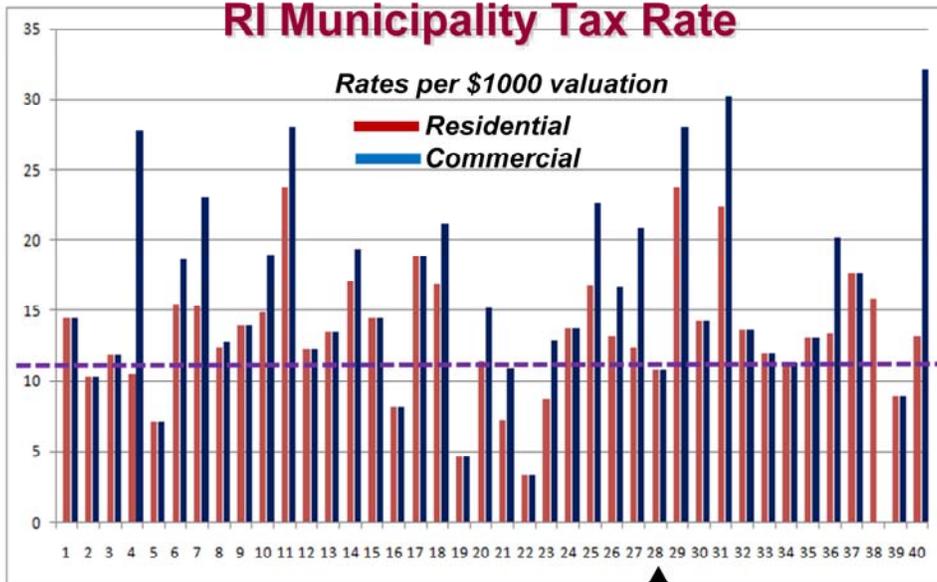


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Source: Portsmouth Finance Dept

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RI Municipality Tax Rate



Portsmouth

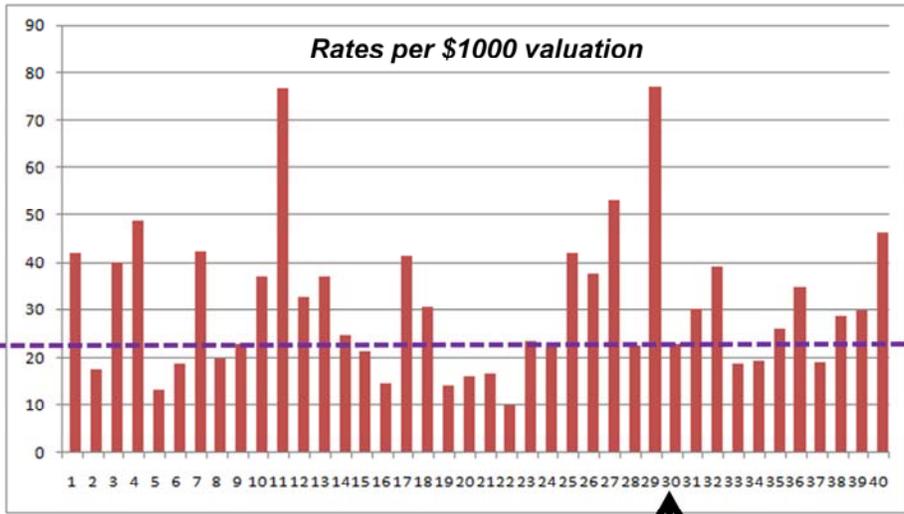
Complete data : <http://www.riedc.com/data-and-publications/municipal-tax-rates>

Source : RIEDC 2008-2009

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RI Municipality MV Tax



Portsmouth →

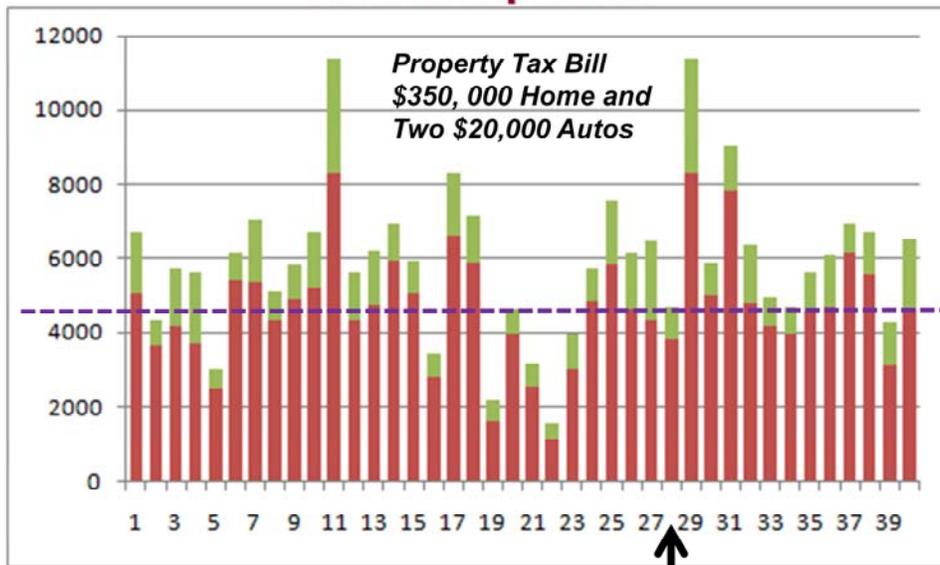
Complete data : <http://www.riedc.com/data-and-publications/municipal-tax-rates>

Source : RIEDC 2008-2009

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Comparative Property Tax Burden RI Municipalities



Portsmouth →

Source : RIEDC 2008-2009

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Complete data : <http://www.riedc.com/data-and-publications/municipal-tax-rates>

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PEDC Projects

***The following provides additional
information on PEDC projects
for 2010 and 2011***

Sustainable Energy Initiative

2010

PEDC Projects

- **2010 Wind Energy Project Accomplishments:**
 - Monitored Town Management of WTG
 - Provided advice on shift to new maintenance contractor
 - Monitored Potential changes in Net-Metering Rules to ensure better return by Town.
 - Continued sharing WTG experiences with other communities in RI, CT and MA
 - Continued active participation in East Bay Energy Consortium (EBEC)
- **Sustainable Energy**
 - Monitored Federal Energy Legislation progress
 - Pursued research on “what’s next”
 - *Other types of energy generation*
 - *Energy conservation*

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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)
 - Participate in AI Energy Initiative sponsored by AIPC

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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WTG Community Outreach

The PEDC Sustainable Energy Subcommittee has provided help for over 260 visitors to the WTG site.

Date	Tour Name	Attendees	Comments
17-Feb	EBEC	7	Regional study group
2-Mar	R. Grosvner	5	Architectural Course
5-Mar	Harwich, MA	21	Concerned citizens
12-Mar	Mr. Webb	3	Local Citizen
31-Mar	Geneva, NY	5	City/ Industrial park
27-Apr	SMILE- URI	64	URI Student project
29-Apr	Documentary Film	4	Feature length Docum. on Municipal Renewable energy efforts
22-May	Wind festival	50	Joint RI-PPL / Portsmouth RE celebration
17-Jun	EBEC	6	EBEC/ RI Foundation joint visit
21-Jul	Leadership RI	6	LRI Renewable energy tract
29-Jul	Jamestown REC	5	Jamestown Renewable energy team
2-Aug	GNHWPCA	6	Greater New Haven Waste Processing Corp
5-Aug	Hexagon Metrology	3	Private Industry
8-Sep	Brewster, MA	48	Concerned Citizens
18-Oct	Portsmouth HS	24	HS Senior's Science class project
18-Oct	Salve Regina	9	ElderHostel (seniors Green energy audit) class

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Status of PEDC Strategic Planning Process

- ✓ **Phase 1 Report (May 2007)**
 - Developed the SWOT (Strengths, Weaknesses, Opportunities, and Threats)
 - Outlined the project path ahead

W Phase 2

- ✓ • **Public Workshops and Surveys validated Phase 1 work (Mar-Apr 09)**
 - Wide Community Stakeholder Participation
 - Town Council, Town administration, Town Committees and Boards, Town citizens, and other subject matter experts
- ✓ • **Workshops convinced us there is a willingness & opportunity to achieve results with a near term action plan- Created Action Plan !!A (2010-2012)**
- W** • **Implementing Near term Action Plan**
- W** – **Determine the “how” and “what” of the Phase 1 issues. Part of Phase IIA**
- W** – **Develop Long Range Plans of Actions and Milestones that include implementation initiatives. These come from the outcomes of the near term plan**
- W** – **Develop quantifiable measures of effectiveness.**

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✓ = Completed **W** = 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, suggestions and workshop and survey consensus rankings. summarized in the backup slides. We 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

Portsmouth EDC Economic Strategic Plan
Progress Report Nov. 30, 2010
Phase II-A (2010-2012)-

- **OCT. 2009 NEAR-TERM ECONOMIC STRATEGIC OBJECTIVE**
 - Create a Three-Year Plan of Action to Seize Available or Emerging Opportunities and Attack Critical Weaknesses to Improve the Economic Health of the Town
- ***Plan Elements-***
 - A- Near Term Town-Wide Economic Enhancement Initiatives
 - B- Initiatives to Position the Town to capitalize on West Side Opportunities.
 - C- Showcase the Potential Benefits of Town Fiscal Management Improvements
 - D- Maintain a Strong Town Energy Sustainability Plan

The following 7 slides detail the November 2010 Report

Progress Report Nov. 30, 2010 (A)

A. Near Term Town-Wide Economic Enhancement Initiatives

OCTOBER 2009 ACTION PLAN

1) Increase the Marketing Effectiveness for the Town by the development of a "market-oriented" PEDC Web Site.

a) Develop a PEDC web site that can be comprehensive and easy to modify to present authoritative, comprehensive and current information to potential developers and investors.

b) Use the PEDC web site as a model to re-design the Town web site

2) Maintain current Incentives to locate and grow a business in Portsmouth

a) Obtain state approval to renew the Enterprise Zone
 b) Continue Town Enterprise Zone Incentives
 c) Continue the Town's Business Development position

3) Increase attractiveness of business zoned (Commercial & LI) properties

a) Develop and achieve consensus on ordinance and procedural changes to simplify and reduce cost and time of development approvals

4) Validate the economic potential of the Town Center Project

5) Reduce Town dependency on property taxes by developing alternatives including evaluation of the economic potential for reuse of excess school properties.

NOVEMBER 2010 PROGRESS REPORT

PEDC website established. <http://www.portsmouthriedc.com/> It provides community access to PEDC activities, on-line surveys, reports and resources.

a) Plan to add commercial property availability by early CY2011.

1. On Sept. 20, 2010 PEDC Member Doug Smith provided the Town Council a report on the "Portsmouth Town Web Site Survey Results and Recommendations." The report was based on the PEDC web-based public survey on the Town's website conducted in Spring 2010. The web survey results are available at www.portsmouthriedc.com/. No action was taken by the Council.
2. The State is developing an improved website model for Rhode Island towns

All business incentives, with one significant exception, were continued. The Enterprise Zone was renewed through 2014. RI tax code changes effective in CY 2011 disallow Enterprise Zone new employee tax credits for "pass through entities". This change removes this significant tax incentive for many small businesses in Portsmouth. The objective of the incentive is to create new jobs regardless of the legal structure of the business. The code change should be repealed.

In June 2010 the State established the Office of Regulatory Reform. The Town Council has appointed the Director of Business Development, Bill Clark, as the Town liaison to the Office.

PEDC supports a market analysis should one be proposed by the Town Center Committee

1. Town Council has established the Elmhurst Study Committee.
2. The annual rent on the Coggeshall School property is only \$18K. Are there alternatives to achieve a better annual return?

Progress Report Nov. 30, 2010 (B1-3)

B - Initiatives to Position the Town to Position Itself to Capitalize on West Side Opportunities.

OCTOBER 2009 ACTION PLAN	NOVEMBER 2010 PROGRESS REPORT
<p>1) Incorporate the economic elements of the West Side Annex of the Town's Comprehensive Plan to integrate all the elements of West Side development under one visionary economic development section of the Comprehensive Plan. It is expected to include the economic development aspects of:</p> <ul style="list-style-type: none"> a. Tank Farms 1 & 2 b. Melville Marina District (Weaver Cove) c. Melville Waterfront District with Backyard d. O' Neill Properties (Carnegie Abbey, Mount Hope Marine Terminal) e. Melville Campgrounds f. Other West Side (Burma Road) areas to the South Portsmouth Town Line 	<p>To be included in the next update of the Economic Development Section of the Comprehensive Plan.</p> <p>Progress is being made on several fronts:</p> <ul style="list-style-type: none"> 1. AIPC's Aquidneck Island Transportation Study, which is to include multimodal transportation system improvements, is scheduled to complete the improvement plan with implementation recommendations early in CY 2011. See www.vhb.com/aquidneck/ 2. The Newport Dinner Train has obtained a \$500K Federal Congestive Mitigation of Air Quality (CMAQ) grant to build a shuttle train station in Portsmouth on state-owned right-of-way land. An environmental impact study is scheduled to start shortly.
<p>2) Develop and accomplish near term actions that can best assure revenue positive economic development of Tank Farms 1 & 2.</p> <ul style="list-style-type: none"> a. Establish a PUD to replace the current inappropriate zoning 	<p>PUD zoning was implemented for Tank Farms 1 & 2 in 2010.</p>
<p>3) Conduct Market and Infrastructure Studies To attract developer interest in the Tank Farms. Capitalize on Federal Funds and conduct the following basic planning studies:</p> <ul style="list-style-type: none"> a. A market study to demonstrate the economic value and market demand for potential desirable land uses b. An infrastructure plan with cost estimates for the West Side to include: water, wastewater, power generation (wind, solar, tidal), roads and transportation hub 	<p>Aquidneck Island Reuse Planning Authority (AIRPA) has \$500K+ funding from the DOD Office of Economic Adjustment to conduct the necessary studies for all the BRAC Properties on Aquidneck Island.</p>

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Progress Report Nov. 30, 2010 (B4-5)

<p>4) Develop plans to increase the revenue potential of Town owned West Side recreational lands</p> <ul style="list-style-type: none"> a. Private development of Carnegie properties, Weaver Cove, Albin property and the Tank Farms together with State plans for transportation infrastructure offer the opportunity for higher end destination use (increased revenues) of the 152 acre Melville Campgrounds b. Town owned recreational lands are held in trust for the future residents of the Town. As a matter of policy it is recommended they provide revenue to fund their operational and capital budgets as well as contribute annually some agreed % of their property value (in lieu of taxes) to the Town's Reserve Fund. c. Develop and cost a plan for a higher end recreational experience and demonstrate the economic viability of the plan d. Explore ways to increase the management effectiveness of recreational properties. <ul style="list-style-type: none"> (1) Explore the potential for privatizing the management of the Campgrounds and other recreational activities. (2) Explore the potential of establishing a Town Recreational Department 	<p>PEDC recommends that the Town Council direct a study of the increased revenue potential be conducted as part of the FY 2012 budget process.</p>
<p>5) Realize the economic benefits of the 32 acre Melville Backyard at the earliest date</p>	<p>Transfer is doubtful to occur this year. Delay is believed to be related to environmental issues.</p>

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Progress Report Nov. 30, 2010 (B6)

<p>6) JFK Aircraft Carrier Project [Added Jan. 2010]</p> <ul style="list-style-type: none">a. Rhode Island Aviation Hall of Fame, Inc., (RIAHOF), plans to develop a world-class, financially self-sufficient family attraction, education and job training center, museum and memorial on Aquidneck Island featuring the retired aircraft carrier John F Kennedy.b. On Jan 11, 2010 the Portsmouth Town Council passed a resolution of support for the exploration of bringing an aircraft carrier to Melville as a museum, economic boost and job creator. The Governor and the Congressional Delegation have provided similar support of the project.c. Conduct studies and workshops necessary to demonstrate the project is:<ul style="list-style-type: none">(1) Economically viable as a privately funded endeavor.(2) Is a net benefit to the Town of Portsmouth and is supported by its citizens.	<p>Information on the project is available at http://www.ussjfkri.org/index.htm</p> <p>A market analysis of the economic viability of the project has been funded by the RIAHOF and is scheduled to complete early in CY 2011. A team led by RIEDC and including the PEDC and the Newport County Convention and Visitors Bureau will evaluate this report.</p>
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Progress Report Nov. 30, 2010 (C1)

C- Showcase the Potential Benefits of Town Fiscal Management Improvements

OCTOBER 2009 ACTION PLAN

1. Develop recommendations to increase the effectiveness of the Town budget process to help facilitate "Closing the Gap" between future expenditures and revenues. The consensus from the 2009 PEDC Workshops and Web Survey is the Town's economic conditions continue to weaken. The Town's budget process was a top three Weakness and the Town's competing budget processes was a Top Three Threat. Without an effective long-range budget process, decisions do not effectively consider long term implications and therefore are not optimized to the needs of the Town. As identified in the Government Financial Officers Association, National Advisory Council on State and Local Budgeting, *A Framework for Improved State and Local Government Budgeting*, a successful town budget process must include: long term perspective, linkages to broad organizational goals; focus on results and outcomes; incentives to employees to achieve goals; effective communication with stakeholders.

NOVEMBER 2010 PROGRESS REPORT

Surveys on the PEDC website continue to explore community attitudes on Town budget and fiscal management issues.

Progress Report Nov. 30, 2010 (C2)

C- Showcase the Potential Benefits of Town Fiscal Management Improvements

OCTOBER 2009 ACTION PLAN	NOVEMBER 2010 PROGRESS REPORT
<p>2. Specific Recommendations</p> <ul style="list-style-type: none"> • Gain a Long term Budget perspective: Recommend the town adopt an annual 2 year operating budget and a 5 year capital budget • Link Actions to broad organizational goals: Recommend the town adopt a set of broad organizational goals and communicate them at least annually to the town employees and the town stakeholders (citizens). Recommend all town departments establish a mission statement describing why they exist and how they meet defined town need(s). • Focus on results and outcomes: Establish metrics that are and SMART (Specific, Measurable, Achievable, Results-Oriented and Time-Determined). • Establish a Town Legislative Agenda- One that eliminates external threats and focuses on seizing external opportunities on both the State and Federal Level. • Town Consolidation. Fully Support the Consolidation Committee to ensure that the economies of shared services are realized. 	<p>Surveys on the PEDC website continue to explore community attitudes on Town budget and fiscal management issues.</p>

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Progress Report Nov. 30, 2010 (D)

D. Maintain an Strong Town Energy Sustainability Plan.

OCTOBER 2009 ACTION PLAN	NOVEMBER 2010 PROGRESS REPORT
Capitalize on the success of the wind turbine project and leverage that success into other sustainability initiatives.	<ol style="list-style-type: none">1. East Bay Energy Collaborative offers Portsmouth the possibility of generating an additional 2 MW of wind power.2. ARRA project to improve Town Hall lighting efficiency is in progress.

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 SWTS 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,
 - Business Growth.
- **Top 3 essential expenditures:**
 - Smart Growth,
 - Police,
 - Revenue Generation, Regionalization and Library (tied)
- **Top 3 routine expenditures:**
 - Road Maintenance,
 - Garbage Disposal
 - Recycling.
- **Top 3 unneeded expenditures were:**
 - Duplicity of Services ,
 - 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 2009 Survey on PEDC SWOT - SUMMARY OF DATA

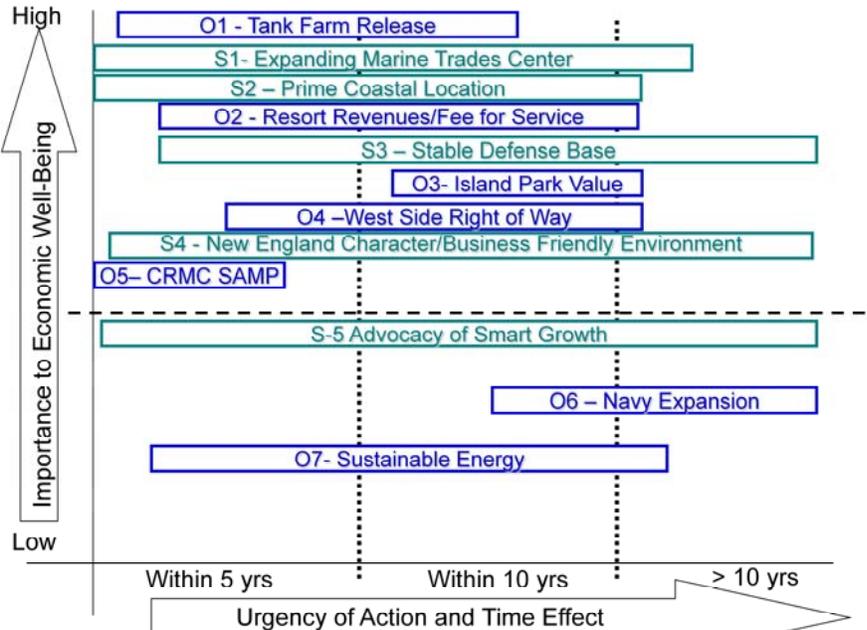
- *A majority of the respondents identified that the weaknesses need to be addressed within the next 5 years. 52.3% identified that the issue of Sewers needs to be addressed within the next 5 years. Greater than 60% of respondents identified that the remaining weaknesses should be addressed within 5 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%.*

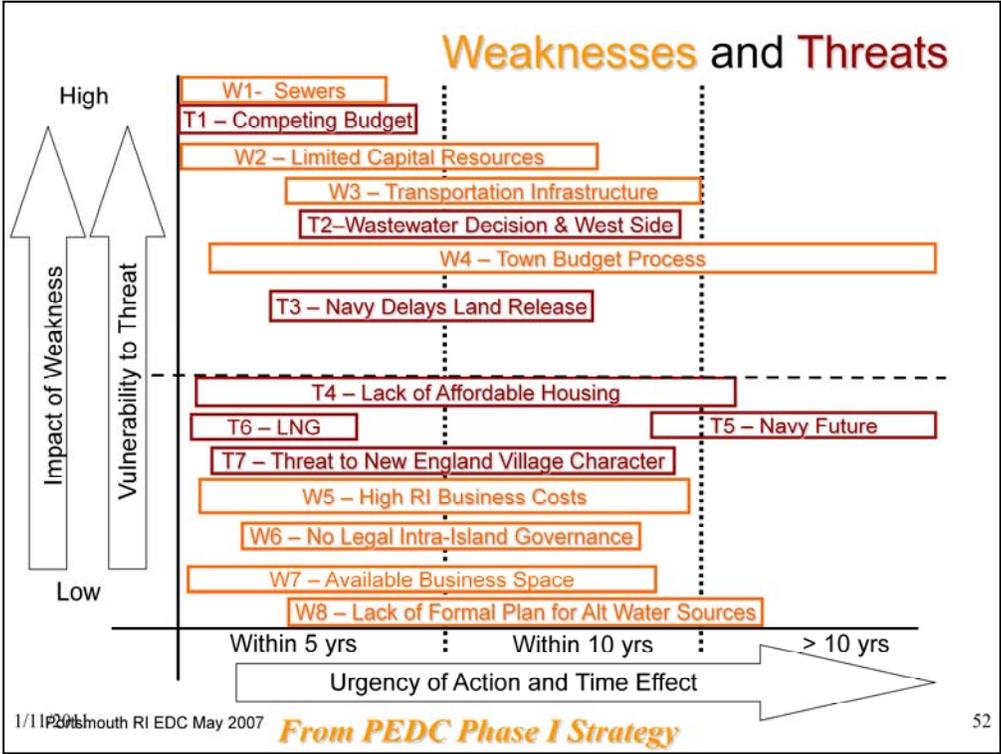
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General validation of SWOT. Also respondents took the time to provide 277 comments and suggestions.

Strengths and Opportunities





Business Development Details

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

Additional 2010 Activity

- *Represented Town with booth at state expos – Sec State; RIEDC; League of Cities & Towns*
- *Promoted & administered EZ participation – follow inquiries, deliver material, registered businesses, assist with compliance, documentation, appeals*
- *Monitored Island Traffic Study for business interests*
- *Testify at Planning & Zoning Boards in support of business projects*
- *Promote local business activities for news articles to media*
- *Advocated for new PUD zoning for tank farms – approved*
- *Liaison & participant on Portsmouth Arts & Culture Committee*
- *Active liaison on Town Center Committee*
- *Consulted with numerous business owners on plans for expansion – zoning, permitting, financing issues intro to other Town staff – resource for connection to State programs*
- *Worked successfully with PB & ZB to change meeting dates – more applicant friendly*

2010 Activities

Director of Business Development
2010

Continued to build relations with key development business partners

• Business/zoning/permitting inquiries	9.1	Avg number of Contacts per month
• Local businesses/merchants/tech. co.	7.8	
• Enterprise Zone activity	5.1	
• Marine companies	4.9	
• Realtors/brokers/agents/landlords	3.4	
• O'Neill	0.5	
• Town Council, Boards & Staff	11.1	
• Portsmouth EDC	12.1	
• PBA Board	2.8	
• RIEDC, State offices, DOT, SBA	8.1	Average hrs. last 12 mos. = 65.8/mo 31.6%
• Legislatures	1.6	over contract
• AIPC/WSMP/PRA/AARPA	1.9	requirement
• Newport Chamber/civic groups	1.7	
• Town Center Issues	1.1	
• Portsmouth Arts & Culture Comm.	1.1	
• Portsmouth High School	0.5	
• Defense companies, Raytheon, Navy	0.3	
• Façade program	1.7	
• Carrier	1.3	
• Local news media	0.9	
• Tiverton	0.7	

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Average hrs. last 12 mos. = 65.8/mo 31.6% over contract requirement

Average hrs. last 12
mos. = 65.8/mo.
31.6%
over contract

Additional DBD Focus for 2011

- **Work with PBA & Rotary to re-activate Portsmouth Business of the Year award**
- **Monitor commercial proposals/applications under consideration by Planning & Zoning Boards, Dept. approvals Investigate commercial properties impacted by cesspool phase out**
- **Investigate commercial properties impacted by cesspool phase out**
- **Determine & identify number of businesses in Portsmouth**
- **Continue to monitor legislature & advocate for Enterprise Zone program funding – job creation credits**
- **Follow-up trade name registrations with info about: DBD office; EZ; Town & State services; SBA; PBA.**