

PORTSMOUTH COMPREHENSIVE COMMUNITY PLAN

ELEMENT 5 – ECONOMIC DEVELOPMENT

5.1 ECONOMIC DEVELOPMENT VISION

PORTSMOUTH WILL POSSESS A BALANCED FRAMEWORK OF LOCAL ECONOMIC POLICIES THAT PROMOTE SUSTAINABLE GROWTH IN JOBS, BUSINESS ACTIVITY AND TAX BASE THAT SUPPORTS PORTSMOUTH’S UNIQUE COMMUNITY CHARACTER, ITS FISCAL STABILITY AND THE QUALITY OF ITS NATURAL ENVIRONMENT.

5.2 INTRODUCTION

5.2.1 HISTORICAL OVERVIEW OF PORTSMOUTH’S ECONOMY – HOW DID WE GET HERE?

The economy of Portsmouth has evolved from being primarily agriculturally based between the 17th and early 20th centuries (agriculture was the main occupation until WWII) to various relatively short-term enterprises during the industrial revolution that included coal mining, copper ore smelting and, in the mid-20th century, endeavors such as Weyerhaeuser lumber processing and Kaiser Aluminum manufacturing that all saw their demise in the waning years of the century. The quintessential stalwarts in industry have been fueled by the proximity to the naval facilities in Newport and Middletown. Although the large Navy Fleet presence ceased in the 1970s, the proximity of the schools of the Naval Training Center and the Naval War College and the robust Navy research presence of the Naval Undersea Warfare Center has maintained defense companies including Portsmouth’s Raytheon’s Integrated Defense Systems complex as well as many other defense-support companies.

Although many farms have been lost to residential developments, Portsmouth maintains support of its agricultural roots as an important element of its economy by embracing innovative schemes, such as “agri-tourism” and the acquisition of development rights to current farms to better preserve its open space options in the future.

Of course, with Portsmouth being surrounded on three sides by water and its proximity to the sailing history and activities of Newport, water-related activities, including a robust marine industry, have always

been an important part of the economy of Portsmouth. Additionally, the Rhode Island Marine Trades Association continues a very active recruiting and job placement initiative to aid companies in identifying employment opportunities and filling numerous full-time positions. Their recent study showed that the marine industry is one of the few sectors of Rhode Island’s economy that has shown growth in recent history, with above-average starting salaries and attractive benefit packages, particularly for Portsmouth.

5.3 A PORTRAIT OF PORTSMOUTH’S ECONOMY

5.3.1 WORKFORCE DEMOGRAPHICS

The total population for the Town of Portsmouth was 17,055 at the time of the 2010 Census and was estimated to be approximately 17,351 in 2016, with a workforce population of 8,815 by the R.I. Department of Labor and Training. Table 1 illustrates a relatively stable labor force population from 2006 – 2013, however the Town’s employment rate trended negatively during the recession which took place over this period. A more visible drop in the overall labor force is evident in 2017 (decrease of 598 workers), although employment rates held fairly consistently which facilitated a 4.2% decrease in the unemployment rate. Over this same period of time, Portsmouth residents have continued to be employed at a higher rate than the State’s average.

	2006	2009	2013	2017	± 2006 - 2017
Portsmouth Resident Workforce					
Labor Force	9,406	9,230	9,413	8,815	-591
Employment	9,021	8,417	8,640	8,464	-557
Unemployment	385	813	773	351	-34
Portsmouth Unemployment Rate	4.1%	8.8%	8.2%	4.0%	-0.1%
State Unemployment Rate	5.1%	10.9%	9.5%	4.5%	-0.6%

Source: RI Dept. of Labor and Training, <http://www.dlt.ri.gov/lmi/laus/town/portsmouth.htm>

Education has long been a strength for the Town of Portsmouth. The school system is consistently ranked among the highest in the State and nearly half of all residents over 25 years old have obtained at least a four-year degree (Table 2), which is approximately 17% higher than the State average according to the 2013 American Community Survey. Since 1990, Portsmouth has seen a consistent increase in residents

advancing their education with 4-year college degrees, with a slight decrease in 2016 with residents earning their graduate/professional degree.

	1990	2013	2016	±
Educational Attainment	% of Population 25 Years & Older			
Less than 9th Grade	5.9%	2.1%	2.1%	-3.8%
9th to 12th Grade, no H.S. Diploma	7.8%	3.1%	4.4%	-3.4%
H.S. Diploma or GED Equivalency	28.1%	23.5%	21.3%	-6.8%
Completed Some College	17.1%	13.8%	16.5%	-0.5%
Associate's Degree	6.5%	7.6%	7.5%	-1.0%
Bachelor's Degree	21.4%	28.3%	28.7%	7.3%
Graduate/Professional Degree	13.2%	21.4%	19.6%	6.4%
Population 25 Years & Older	11,389	12,421	12,541	1,1152/10.1%

Source: U.S. Census 1990, 2012 – 2016 ACS 5-Yr. Estimates, R.I. Dept. of Labor & Training State of the State 2015.

To accompany the high educational attainment Portsmouth residents have achieved, the Town also ranks amongst the top of RI municipalities in two commonly referenced economic indicator statistics, median household income and unemployment rate (Table 3). Statistically speaking, Portsmouth’s residential workforce is a highly successful group that is thriving despite stagnant commercial and industrial economic growth within the town.

	Year	Portsmouth	State of RI	Difference
Median Household Income	1990	\$42,474	\$32,181	\$10,293
	2000	\$58,835	\$42,090	\$16,745
	2013	\$74,487	\$55,902	\$18,585
	2016	\$86,051	\$58,387	\$27,664
Unemployment Rate	1990	4.1%	5.1%	1.0%
	2000	8.8%	10.9%	2.1%
	2013	8.2%	9.5%	1.3%
	2016	4.7%	5.2%	0.5%

Source: U.S. Census 1990, 2000, ACS 5-Yr. Summary File 2012 – 2016.

Portsmouth is a desirable community to live in and its housing market reflects this position. According to the HousingWorksRI 2017 Housing Fact Book, the median single-family home in Portsmouth ranks as the 10th highest price of RI’s 39 municipalities and requires an annual household income of \$95,670 to meet the 30% income affordability cost burden. This housing cost burden is a major deterrent to entry level employees and first-time home buyers looking to purchase a home in Portsmouth and is evident by the Town’s low 20-34-year-old demographic (Table 4).

Age	Population	% of Population
Under 5 years	662	3.8%
5 to 9 years	931	5.4%
10 to 14 years	1,165	6.7%
15 to 19 years	1,304	7.5%
20 to 24 years	748	4.3%
25 to 34 years	1,218	7.0%
35 to 44 years	1,936	11.2%
45 to 54 years	2,955	17.0%
55 to 59 years	1,660	9.6%
60 to 64 years	1,137	6.6%
65 to 74 years	2,009	11.6%
75 to 84 years	1,164	6.7%
85 years & over	462	2.7%

Source: ACS 5-Yr. Summary File 2012 – 2016, DP05.

5.3.2 ECONOMIC BASE/INDUSTRY SECTORS

The Portsmouth Business Park, a 45-acre business park, currently contains light industrial manufacturing firms. The immediate access to state Route 24 places the park in a strategic location for light industrial markets and labor supply. Occupancy in the Portsmouth Business Park continues to be steady at approximately 90% with only two lots remaining unsold.

While there are few data sources that measure Portsmouth’s economy at the municipal level, the RI Department of Labor and Training (RIDLT) publishes quarterly reports on employment data for each municipality. From this data we are able to monitor employment patterns by industry within the Town. Portsmouth’s largest employment sector has consistently been Manufacturing (Table 5). Although there

has been a consistent net loss from 2006 to 2017 (-1,006), due to in large part to the downsizing of Raytheon’s operations, the Manufacturing industry remains the largest employment sector in Portsmouth.

Augmenting these same manufacturing sector statistics is a healthy marine-related industry which operates throughout the Town but is heavily concentrated in the Melville Waterfront District and Portsmouth Industrial Park. Currently, there are thirty-nine companies of varying sizes located in Portsmouth engaged in marine-related services and manufacturing. A recent survey of the 39 marine-related companies in Portsmouth reflects that employment continues to improve, rebounding by 20% above the lows experienced in 2010. Comments on the industry’s future by principals of the marine-related companies in Portsmouth indicate the coming years should be very positive, in contrast to other areas in New England.

Portsmouth’s geographic location, surrounded by water, has been the major factor in creating its impressive history as a leader in the marine trades industry. With three world class yacht companies, a large community of smaller marine-support businesses continues to flourish and provide a wide range of specialized services for the boating industry and individual boat owners. In particular, the Melville companies have a renowned reputation within the industry for their high quality of work.

Table 5 Occupational Categories of Employed Persons 2006 - 2017					
Establishment Employment	2006	2,009	2,014	2,017	± '06 - '17
Total Private & Government	6,120	5,928	5,770	5,887	-233
Total Private Only	5,526	2,194	5,147	5,193	-333
Manufacturing	2,371	1,971	1,553	1,365	-1,006
Health Care & Social Assistance	422	476	854	878	456
Government	594	732	623	694	100
Retail Trade	527	515	496	545	18
Accommodation & Food Services	471	449	480	471	0
Construction	381	311	307	358	-23
Educational Services	235	269	269	291	56
Administrative Support & Waste Management	122	230	219	281	159
Other Services	217	183	187	199	-18
Professional & Technical Services	142	148	173	145	3
Real Estate & Rental Leasing	110	118	135	121	11

Wholesale Trade	116	111	105	92	-24
Arts, Entertainment, & Recreation	119	103	94	97	-22
Transportation & Warehousing	63	74	88	87	24
Finance & Insurance	89	89	59	155	66
Information	88	65	56	51	-37
Agriculture, Forestry, Fishing & Hunting	46	48	43	155	109
Management of Companies & Enterprises	4	0	24	0	20
Utilities	0	0	0	0	-
Mining	0	0	0	0	0

Source: RI Dept. of Labor and Training, Labor Market Information Unit, Local Area Unemployment Statistics (www.dlt.ri.gov/lmi/laus.htm) and Quarterly Census of Employment and Wages (www.dlt.ri.gov/lmi/es202.htm).

Between 2006 and 2017, RIDLT has reported the Health Care and Social Assistance industry sector in Portsmouth has more than doubled, representing almost half of Portsmouth’s largest employers (Table 6). The Marine Industrial/Services industry sector also continues strong as a major employer in Portsmouth.

Company	Industry Sector	Employment Range
Raytheon Company	Defense and Marine Industrial	500 - 999
Clement's Marketplace, Inc.	Retail	100 - 249
Looking Upwards Inc.	Healthcare	100 - 249
New England Boatworks	Marine Services	100 - 249
Portsmouth Abbey	Education	100 - 249
Southcoast Physicians Group Inc.	Healthcare	100 - 249
The Hinkley Company	Marine Services	100 - 249
Visiting Nurse Services of Newport & Bristol Counties	Healthcare	100 - 249
Hodges Badge Company Inc.	Manufacturing	50 - 99
Magellan HRSC Inc.	Healthcare	50 - 99

Source: Dept. of Labor and Training

5.3.4 COMMUTING PATTERNS

In 2013, most Portsmouth residents commuted to jobs within Newport (24.3%), Portsmouth (23.0%), and Middletown (18.5%), with just over 65% of Portsmouth’s residents remaining on Aquidneck Island for employment. Bristol, Providence, South Kingstown, and Fall River, MA rounded out the other top destinations. Also, in 2013, 32.7% of Portsmouth workers lived in Portsmouth, followed by Bristol (10.7%), and Newport (7.0%) (Table 7), with just over 45% of Portsmouth’s workers living on Aquidneck Island. While review of these commuting patterns indicates there appears to be sufficient job opportunities for local residents within a reasonable commuting distance of 30 minutes, they also point out the striking imbalance of over 67% of Portsmouth workers having to work outside the community and fully 77% of the jobs here in Portsmouth being filled by workers who do not live here.

Table 7 Commuting Patterns Portsmouth Residents Compared to Portsmouth Workers					
Where Portsmouth Residents Work			Where Portsmouth Workers Live		
Newport, RI	2,008	24.3%	Portsmouth, RI	1,898	32.7%
Portsmouth, RI	1,898	23.0%	Bristol, RI	621	10.7%
Middletown, RI	1,529	18.5%	Newport, RI	408	7.0%
Bristol, RI	416	5.0%	Fall River, MA	351	6.0%
Providence, RI	404	4.9%	Tiverton, RI	327	5.6%
Fall River, MA	343	4.2%	Middletown, RI	313	5.4%
South Kingstown, RI	172	2.1%	Warren, RI	257	4.4%
Warwick, RI	140	1.7%	Providence, RI	156	2.7%
Tiverton, RI	111	1.3%	North Kingstown, RI	126	2.2%
Pawtucket, RI	102	1.2%	Swansea, MA	103	1.8%
Jamestown, RI	97	1.2%	Little Compton, RI	83	1.4%
Boston, MA	87	1.1%	Seekonk, MA	80	1.4%
Portsmouth Residents Work in the State of:			Portsmouth Workers Live in the State of:		
Rhode Island	7,303	88.4%	Rhode Island	4,713	81.2%
Massachusetts	866	10.5%	Massachusetts	995	17.1%
Connecticut	31	40.0%	Connecticut	86	1.5%
Other State/Country	64	0.8%	Other State/Country	11	0.2%
Total	8,264	100.0%	Total	5,805	100.0%

Source: Commuting Patterns - RI Dept. of Labor and Training, 2013 (based on U.S. Census, 2009 – 2013 ACS 5-year Estimate).

5.3.5 CURRENT LAND USE AND ZONING RELATED TO ECONOMIC DEVELOPMENT

With a few notable exceptions, land put to use for commercial and/or industrial activity in Portsmouth is closely tied to, if not directly fronting on, the two-principal north-south highways, East Main Road (Rt. 138) and West Main Road (Rt. 114). Commercial and/or retail development clusters are located along the southern portions of the same principal highways, with a more continuous commercial corridor located along East Main Road, north of Turnpike Avenue. With anticipated traffic improvements and zoning in place to promote more dense mixed-use activity, the already busy Town Center area at the intersection of Turnpike Avenue and East Main Road promises an expansion of future business activity. Access to the Town's largest employer, Raytheon, is off of West Main Road.

Commercial / industrial land use not directly tied to the two principal highways include a well-developed core of marine trades activity along the western shore of Portsmouth at Melville, a small but vibrant commercial corridor mixed in with residential uses along Park Avenue in Island Park, and the 90% occupied Portsmouth Industrial Park just adjacent to West Main Road off of Hedley Street. With some exceptions, farming and agricultural uses are primarily in the southern and eastern portions of Town. Prudence Island enjoys a single general store and several farms. Hog Island is entirely residential. **See Maps ED A & B.**

5.3.6 LOCAL ECONOMIC DEVELOPMENT PLANS, PROGRAMS AND INCENTIVES

Economic Development Plans:

- **West Side Master Plan** (November 2005)

The central economic strategy of the West Side Master Plan is to increase high-income jobs and a solid return of investments for the long-term, by capitalizing on existing uses, industries, and unique redevelopment opportunities. The marina and shipbuilding industry, particularly in the Melville District, are identified for future economic growth, to bolster this area (and the Island as a whole) as a prominent regional and national yachting destination and shipbuilding center.

- **Defense-Related Research and Development:** Support efforts by Raytheon to expand its facilities and to create facilities for related enterprises on its campus, utilizing the PUD zoning framework.
- **Marine-Related Business and Recreational Boating:** Reserve land for marine-related uses through purchase and/or regulation; Reserve land for accessory uses such as upland boat storage, boatyard services, and remote parking for marina use; and promote marina-related training and information exchange.

- Tourism and Recreation: Facilitate marina and marina-related upland resort developments.
- Affordable Housing: Leveraging the transfer and redevelopment of public-owned land opens a doorway for providing affordable housing.
- Entertainment: Redevelopment of one of the tank farms for ‘niche’ venues should be considered.
- Business Retention/Assistance: Promulgate home-based business zoning.
- **Tank Farm Redevelopment Plan (September 2008)**
The Tank Farm Redevelopment Plan is a comprehensive look at the future of the Tank Farms and how their development can be positive for the Town of Portsmouth.
 - Enhance Naval Station Newport by planning for the reuse of public and private property along the West Side.
 - Plan for economic development that can provide employment and tax base that is in keeping with the quality of life and long-term value of the entire community.
 - Provide more active and passive recreation for Portsmouth’s citizens, including increased vistas and public access to the shoreline.

Transfer of Tank Farms 1 and 2: Portsmouth has been considering the acquisition of Tank Farms 1 and 2 from the Navy through one or more types of land transfer mechanisms for more than a decade. The Town established two goals for redevelopment of the Tank Farms:

1. To get the property onto the tax rolls as quickly as possible.
2. To develop the Tank Farms in such a way that the property supports and enhances the marine industry/activities in the Marine Waterfront District at Melville.

The Town also established a number of self-imposed limitations used to guide the decision-making process:

1. The Town does not want to own the property.
2. The Town does not have the administrative resources to assume the role of real estate developer.
3. The Town does not want to assume any liability for the necessary environmental cleanup of the property.
4. The Town does not have the fiscal resources to dedicate funds to facilitate redevelopment of the Tank Farms.

After careful consideration, in 2018 the Town came to the conclusion that the surest way to accomplish Portsmouth's redevelopment goals for the Tank Farms was to elect to work closely with the Navy to facilitate a public sale and to decline to pursue transfer of the property directly to the Town. The Town will retain zoning control once the property is privately held and intends to work closely with the Navy to insure potential buyers are fully aware of not only our goals for the redevelopment of the property but the municipal regulations under which they may do so. It is expected the property will be offered for sale perhaps as soon as 2019.

Economic Development Programs/Incentives:

- **The Enterprise Zone – Tax Stabilization Program**

Assistance to business owners offered under the Portsmouth Enterprise Zone (like all enterprise zones in the state) evaporated in 2010 with changes to the States' personal income tax structure. Efforts to institute a local tax stabilization program to replace the Enterprise Zone program have met with resistance.

- **Activities of the Portsmouth Economic Development Committee (PEDC)**

Formed in 1992 as an advisory body to the Town Council, the Portsmouth Economic Development Committee (PEDC) is an all-volunteer group with an authorized complement of 15 members including one youth representative from Portsmouth High School. The committee holds monthly meetings to discuss and make recommendations to town officials and staff on all matters involving community economic development and business viability within the town. In addition to this important function, the PEDC often evaluates prospective developments and other economic initiatives and provides town decision-makers with information on which they can rely to make informed decisions. Among its significant accomplishments, in 2007 the PEDC analyzed economic development in Portsmouth through the Strengths, Weaknesses, Opportunities and Threats (SWOT) process and developed a multi-year economic strategy for the Town. Updated in 2016 and detailed below, the analysis and accompanying economic strategy have proven useful tools in formulating this updated element of Portsmouth's Comprehensive Plan.

- **Activities of the Director of Business Development**

The Portsmouth Director of Business Development is the Town's principal advocate for businesses, commercial development and enterprises for the Town. The Director of Business Development is the primary point of contact for both existing and prospective businesses and is responsible for assisting in the business planning and execution processes to ensure existing and new businesses are able to navigate through the various statutes and other requirements to plan, establish and maintain their enterprises and be consistent with the values maintained by the community.

The Director of Business Development:

- Represents the Town to State agencies (e.g., CommerceRI) and non-State advocacy organizations (e.g. Chamber of Commerce and Portsmouth Business Association) to

- ensure that the efforts of those organizations are focused on the maintenance of a positive business climate.
- Monitors Town enterprises (e.g, Melville Campground, Glen Farm Stables, etc.) to ensure that those enterprises and being operated within the existing agreements and to the benefit of the Town.
 - Serves as the Point of Contact for local media and business-related matters.
 - Works closely to advise the Town Building Official and Town Planner to help them provide a positive impact on the business community.

5.3.7 LOCAL ECONOMIC DEVELOPMENT REGULATIONS

Regulations controlling Economic Development in Portsmouth are primarily contained in three documents, the Zoning Ordinance (2004), the Land Development and Subdivision Regulations (2012) and the Design Review Guidelines (2004). These regulations are administered by the Zoning Board of Review, the Planning Board, and in an advisory capacity to the Planning Board and the Design Review Board.

The development process begins with the Building Inspector who issues building permits for building, electrical, plumbing, occupancy and signage, but more importantly is responsible for determining whether a project needs to be routed to the Planning Board in the case of a Planned Unit Development (PUD) or to the Zoning Board of Review for approval of a Special Use Permit or a variance. All new commercial or industrial development of greater than 5,000 gross square feet of floor area or 20,000 square feet of total land area requires a Special Use Permit, so nearly all new commercial and/or industrial development comes before the Zoning Board.

5.3.8 FISCAL RESOURCES

Data used in this section was obtained from the Portsmouth Tax Assessor/Collector.

Tax Revenues

For the 2017 fiscal year, total property tax revenues received in Portsmouth was \$52,436,990.

Revenue Source	FYE 2016	FYE 2016	% Change
Property Tax Revenue	\$50,971,055	\$52,436,990	2.87%

Source: Portsmouth Tax Assessor/Collector

Portsmouth, as with most other Rhode Island communities, has historically relied upon property taxes and State grants for the bulk of its revenues.

Property Taxes

Portsmouth levies the same annual property tax rate on all categories of land use. Taxes are based on the assessed value of the property. Property tax rates (tax per thousand dollars assessed valuation) have changed as follows:

Year	Tax Rate	Year	Tax Rate
1999	\$21.51	2009	\$11.27
2000	\$21.86	2010	\$11.30
2001	\$22.81	2011	\$13.91
2002	\$16.12	2012	\$14.24
2003	\$16.46	2013	\$14.53
2004	\$16.20	2014	\$15.80
2005	\$10.35	2015	\$15.80
2006	\$11.29	2016	\$16.00
2006*	\$10.75	2017	\$15.42
2006*	\$10.95	2018	\$15.97
2007	\$11.38		
2008	\$10.84		

Source: Portsmouth Tax Assessor,

www.portsmouthri.com/DocumentCenter/View/279

Notes: * Tent Meeting/Caruolo

Highlights from the revaluations since 2002 include:

- Statistical revaluation as of 12/31/01 was reflected in the 2002 tax roll year. Due to this revaluation, the tax rate was reduced by \$6.69.
- Statistical revaluation as of 12/31/04 was reflected in the 2005 tax role year. Due to this revaluation, the tax rate was reduced by \$5.85.
- Full revaluation as of 12/31/07 was reflected in the 2008 tax role year. Due to this revaluation, the tax rate was reduced by \$.54.
- Statistical revaluation as of 12/31/10 was reflected in the 2011 tax role year. Due to this revaluation, the tax rate increased by \$2.608.
- Statistical revaluation as of 12/31/13 was reflected in the 2014 tax role year. Due to this revaluation, the tax rate increased by \$1.27.
- Full revaluation as of 12/31/16 was reflected in the 2017 tax role year. Due to this revaluation, the tax rate was reduced by \$.58.

Real and Personal Property

The total assessed value of real property (land and buildings) in Portsmouth, as of December 31, 2017 was \$3,276,562,065. The residential component of that was approximately \$2,965,288,669 (90.5%), including one family residences, two family residences, apartments, residential condominiums and vacant residential land. Table 10 illustrates recent trends in contributions to the tax role for real and personal property. All real property sectors remained relatively constant in their effective contribution to the tax role from 2014 to 2017.

Year	2014	2015	2016	2017
Residential	84.63%	84.40%	84.35%	85.05%
Commercial	9.46%	9.49%	9.24%	8.94%
Motor Vehicle	4.00%	4.20%	4.42%	4.03%
Tangible	1.91%	1.91%	1.99%	1.98%

Source: Portsmouth Tax Assessor, December 10, 2018

5.4.1 LOCAL ECONOMIC DEVELOPMENT TRENDS

Analysis of 2015 personal property tax records indicate there are 295 businesses (with addresses in commercial buildings) operating in Portsmouth. This compares favorably with 318 businesses in operation in 2010 and 317 in operation in 2005. While a first glance at these numbers indicates a fairly stable business environment, it must be realized that these are net numbers. During the period 2005 – 2015, 175 businesses ceased to exist, and 153 new businesses came into existence, accounting for the net loss of businesses reflected in the numbers above. Further analysis of these numbers is needed and will be reported in additional drafts of this section.

A parallel trend has been taking place with home occupations (home-based businesses) in Portsmouth. 2015 tax records reveal 202 home occupations operating in Portsmouth. In 2005 there were 219 home occupations. Again, these are net numbers with relatively the same percentages of shut downs and start-up taking place during the ten-year period as with regular businesses reported above. Deeper analysis of these data is needed in order to inform policy-making to help stabilize and improve home business viability, and emerging business trend in Portsmouth's future.

In the face of steady but modest development contributing tax revenue from the business/light industry sectors, in the early 2000's Portsmouth turned its attention to adopting significant changes to the Planned Unit Development (PUD) section of the Zoning Ordinance in order to encourage what the Town has come to define as "recreational-residential" development. Identified as properties with a tax billing address other than in Portsmouth and with no registered voter at that same address (i.e., the sole resident of the property is physically resident only a small portion of the year), these properties were thought to be "revenue positive" in that they do not demand the services (notably children in the school system) that year-round residents demand. The definition of "recreational-residential" and the zoning changes to encourage their development were adopted with the expectation of a large influx of "part-time" residents with the Carnegie development (tower and surrounding multi-million-dollar properties) and the development of the Newport Beach Club, thus being less of a drain on the tax base as compared to traditional residences. While the development of the Carnegie and Newport Beach Club properties have not panned out as predicted and the expected tax revenue as yet has not been realized, the concept of defining property as "recreational-residential" remains valid and a development trend to be encouraged.

An interesting developing dynamic is the increasing number of properties being used as short-term rentals that may become significant in the “recreational-residential” equation in the future.

5.4.2 PORTSMOUTH’S ECONOMY – OPPORTUNITIES AND ISSUES

Economic activity in Portsmouth is constantly changing in size, form and nature as economic forces, both internal and external, exert often unforeseen pressures. These internal and external pressures are illustrated when looking at the 2007 Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis published by the Portsmouth Economic Development Committee (PEDC), as compared to the 2016 Update of the same analysis. The report identified the Committee’s collective assessment on where we are [were] and where we are going in terms of economic development in Portsmouth. A summary of the 2007 Analysis and the 2016 Update follows.

5.4.3 STRENGTHS

S1 – The expanding 540+ employee Marine Trades Center at Melville.

S1 - 2016 Update - While the Marine Trades Center at Melville continues to remain strong, the “backyard” expansion has yet to be realized as environmental cleanup continues. A date for final property transfer to Melville Marine Partners, LLC remains unknown.

S2 - Prime coastal location with regulatory approval for a 1500-slip marina and mixed-use development at Weaver Cove on the West Side. “Rec-res” high-end resort-style residential development at several sites along the West Side is on-going.

S2 - 2016 Update – The site for the proposed marina development has recently been auctioned off. Future development is uncertain. High-end resort-style residential development has slowed considerably due to poor unit sales with 2 developments recently changing ownership and another due for possible foreclosure in the near future.

S3 - A stable and growing defense industry base.

S3 - 2016 Update - While Naval Station Newport and NUWC remain strong and stable, Raytheon has downsized considerably, reducing the size of its campus, downsizing its employee ranks and recently selling two buildings.

S4 - Desirable residential community committed to maintaining its "New England Village" character with a business-friendly environment.

S4 - 2016 Update - Assistance to business owners offered under the Portsmouth Enterprise Zone evaporated in 2010 with changes to the States' personal income tax structure. Efforts to institute a local tax stabilization program to replace the Enterprise Zone program have met with resistance.

S5 - Advocacy of "smart growth" of developable lands by Town's decision-makers.

S5 – 2016 Update - Planned Unit Development (PUD) strategies on the West Side have yielded mixed results and State traffic improvements scheduled to enable our signature Town Center Project to go forward have been put off until 2021-22.

5.4.4 WEAKNESSES

W1 - Lack of public sewer infrastructure limiting economic growth, particularly in the industrial sector.

W2 - Limited public and private capital resources at both the state and municipal level.

W3 - Lack of an effective transportation infrastructure.

W4 - Current Town budget and economic planning processes do not foster effective long-range planning.

W5 – The high overall cost of doing business in Rhode Island.

W6 – Limited regional cooperation in economic development planning.

W7 - Lack of immediately available "Class A" business and commercial space.

Apart from Town budgeting procedures and capital improvement planning having advanced significantly in recent budget cycles (W4), all of the weaknesses identified by the PEDC as impediments to economic development in 2007 remain in play today and little has been accomplished to overcome them.

5.4.5 OPPORTUNITIES

O1 - Future release and development of Tank Farm land.

O1 – 2016 Update - The Town has opted to decline participation in a transfer of the property directly to the Town and to encourage the Navy to offer Tank Farms 1 and 2 to the public for sale as the best strategy for getting the property onto the tax roles as soon as possible. It is expected the property will be offered

for sale perhaps as soon as 2019. Environmental cleanup of the site is on-going and will likely take many years to be completed.

O2 - Increased business and resort tax base can reduce the tax rate and provide opportunities for instituting fee for service measures.

O2 – 2016 Update - Business and resort tax base has leveled off due to slowing high-end resort development. The Town has instituted some fee for service measures but there has been significant public resistance to doing so.

O3 - Island Park development can increase tax valuations and benefit the entire town.

O3 – 2016 Update – The Town has made a policy decision to not install sewer infrastructure in Island Park so increased tax valuations based on the benefit of sewer hookup will not be realized.

O4 - West Side railroad right of way & Burma Road potential for public transportation and infrastructure development.

O4 – Improvement to the West Side transportation corridor remains tied to the Navy’s plans to excess public infrastructure and will likely not be realized in the near future.

5.4.6 THREATS

T1 - Competing needs for the Town budget which is subject to State tax levy cap regulations.

T1 – 2016 Update - The Town does not see the property tax levy cap as a threat to economic development as through careful administration all recent annual budgets have been below the tax cap and will remain so into the future.

T2 - Upcoming decisions on the current waste water issues may foreclose future West Side development by loss of potential capital investors.

T2 – 2016 Update - Current planning for future development of the West Side includes the potential construction of a wastewater treatment facility limited to servicing the immediate Melville area. Ownership of such a system, whether public or private (or some combination of both) remains part of the planning process.

T3 - Navy unduly delays or never releases Tank Farms 1, 2 and 3 to the Town.

T3 – 2016 Update - Tank Farm 3 has been removed from the BRAC list as the Navy wants to retain the property as a potential renewable energy facility for a future date. The Town has opted to decline participation in a transfer of the property directly to the Town and to encourage the Navy to offer Tank Farms 1 and 2 to the public for sale as the best strategy for getting the property onto the tax roles as soon as possible.

All of the other threats identified by the PEDC as impediments to economic development in 2007 remain in play today and little has been accomplished to diminish them as threats to economic development.

T4 - Lack of affordable workforce housing on Aquidneck Island.

T5 - Uncertain Navy long-term future on Aquidneck Island.

T6 – Allowing LNG transit of Narragansett Bay may discourage high-end recreational development.

T7 - Influx of development threatens to degrade the "New England Village" character of the town.

It is clear from the above analyses that there are many moving parts to creating conditions for economic growth in Portsmouth. The Town, in many cases, has limited control of the economic forces at play. It is also clear that creating conditions for economic growth requires constant proactive attention and inaction is often overcome by events. The updated goals, policies and implementation actions of this Economic Development element are designed to build upon the previous Comprehensive Plan and the PEDC's work by both identifying opportunities to enhance the overall conditions that lead to quality economic development in Portsmouth and address issues that may impair those conditions in five major areas:

- Improvements in the standard of living and increasing opportunities for Portsmouth's workforce.
- The promotion and enhancement of Portsmouth's strengths as a community.
- Making Portsmouth more resilient, self-sufficient and resistant to the impact of external forces.
- Expanding the tax base without compromising Portsmouth's community character.
- Increasing the competitive advantage of doing business in Portsmouth.

This section is a work in progress. Looking at the data gathered so far, the takeaway from this section will be that (1) there is limited opportunity under current zoning for a significant influx of businesses/jobs into Portsmouth due to lack of vacant commercial/industrial zoned land and that (2) making even a minor move in the balance between commercial and residential taxes in order to relieve the burden on residential taxpayers will take significant business development, something on the order of 100,000 sq. ft. of new commercial space to make the balance move one percentage point. More to come. See Map ED 2.

5.4.8 SURVEY RESULTS RELATED TO ECONOMIC DEVELOPMENT

In March 2013, the Town of Portsmouth conducted a residential telephone survey as part of the comprehensive planning process. The survey was conducted by a national research firm and included 600 randomly selected Portsmouth residents.¹ In summary, the survey made these principal findings:

- When asked to indicate, in an open-ended format question, the issues or problems in Portsmouth they are most concerned about, respondents to the survey ranked “Lack of development (Town Center, downtown, businesses) 10th out of 14 identified issues or problems.
- Respondents ranked “Increasing business development” fourth behind “maintaining the quality of the school system,” “Management of raising taxes/keeping taxes low,” and “preserving open space” as a top overall development priority for the Town over the next decade.
- 71.0% of respondents reported the Town is doing either a “very good” (12.7%) or “good” (58.3%) job of regulating the development that is currently taking place.
- Residents were read the statement “I am in favor of economic development even if it compromises some of the rural character of the Town of Portsmouth.” Half of respondents (50.2) reported to either “strongly agree” (16.5%) or “somewhat agree” (33.7%).

¹ Statistically, a sample of 600 surveys represents a margin for error of +/-4.0% at a 95% confidence level [for the size of Portsmouth’s population]. In theory, a sample of Portsmouth residents will differ no more than +/-4.0% than if all Portsmouth residents [with landlines] were contacted and included in the survey. That is, if random probability sampling procedures were reiterated over and over again, sample results may be expected to approximate the larger population values within plus or minus +/-4.0% -- 95 out of 100 times.

GOALS, POLICIES AND IMPLEMENTATION

GOAL ED – 1

Achieve a high and growing standard of living for Portsmouth’s citizens and entrepreneurs by empowering a 21st century workforce to match a 21st century economy.

Policy ED - 1.1

Seek local business input to assess the workforce skills gap and support strategies to meet local employer’s talent needs.

Action ED - 1.1a – Institute an annual roundtable of local business leaders to discuss local employer’s workforce needs and ways local government can assist local businesses in hiring quality employees.

Policy ED - 1.2

Coordinate with local educational institutions and other entities that provide career growth counseling, technical education and training opportunities and management of apprenticeship / internship programs.

Action ED - 1.2a – Inventory, maintain and actively publicize a list of all state and local workforce education and training programs.

Action ED - 1.2b – Work with the School Department to transform the Portsmouth School District into a leading center for Science, Technology, Engineering, Arts and Mathematics (STEAM).

Action ED – 1.2c – Pursue the establishment of public / private partnerships to support adult education and training as well as apprenticeship / internship programs to improve the Portsmouth workforce.

GOAL ED – 2

Direct economic development efforts towards those which promote and enhance Portsmouth’s strengths as a community.

Policy ED-2.1

Recognize and promote the belief that the very best business attractor we can create is to make Portsmouth an exceptional place to live, work and play.

Action ED – 2.1a – Identify and prioritize Comprehensive Community Plan goals and policies that express direct efforts to improve the quality of life as a business attractor.

Action ED – 2.1b – Pursue State and Federal grants to help fund programs to improve the landscape, built environment and quality of life in Portsmouth.

Action ED – 2.1c – Identify and prioritize items in the 5-year Capital Improvement Plan that express direct efforts to improve the quality of life as a business attractor.

Action ED – 2.1d – Develop short, medium and long-term Marketing Plans that focus on Portsmouth as an exceptional place to live/work/play and provide business initiatives when/where ever possible.

Action ED – 2.1e – Establish a ‘Beautify Portsmouth’ committee to draft a 10-year plan to enhance the physical attractiveness of the community.

Action ED – 2.1f – Work with the Newport County Board of Realtors to promote housing choices in Portsmouth.

Action ED – 2.1g – Work with the Portsmouth Arts Guild and the Portsmouth Historical Society to promote arts, culture and historic preservation values in Portsmouth.

Policy ED-2.2

Prioritize programs and policies that focus on retaining and strengthening existing local businesses. Keep local businesses in Portsmouth.

Action ED – 2.2a - Institute an annual roundtable of local business leaders to discuss the kinds of municipal support most needed by local businesses. (see ED 1.1a above)

Action ED – 2.2b – Develop a 5-year Economic Development Strategic Plan.

Action ED – 2.2c – Create and annually update a Portsmouth business roster based on tangible asset tax accounts.

Action ED – 2.2d - Develop and bi-annually update a set of industry standard economic indicators to analyze trends in the Portsmouth economy and institute a bi-annual Report Card on business activity.

Action ED – 2.2e – Actively engage with the Portsmouth Business Association (PBA) and advocate for a town official to serve on the PBA Board of Directors.

Policy ED-2.3

Support the growth of home occupations as an important component of business activity in Portsmouth.

Action ED - 2.3a – Review and amend (as necessary) provisions in the Portsmouth Zoning Ordinance regulating home occupations, balancing support for the expansion of business activity and the potential impacts to residential neighborhoods.

Action ED - 2.3b – Conduct a business survey of current home occupations to determine the best ways Portsmouth can aid in the expansion of this business sector.

Policy ED-2.4

Continue to focus on attracting maritime, technology and defense-related businesses as desirable economic activity in Portsmouth.

Action ED – 2.4a – Collaborate in and support the efforts to transfer the Navy land referred to as the “Melville Backyard” for private commercial use.

Action ED – 2.4b - Evaluate actions to develop Tank Farms 1 and 2 for consistency with the needs of Melville maritime-related companies and other businesses.

Action ED – 2.4c – Review the Planned Marina Development provisions of the Zoning Ordinance for unwarranted limitations on marina development.

Action ED – 2.4d - Pursue active membership in the Newport County Chamber of Commerce and/or similar organizations to endeavor that the interests of Portsmouth’s marine, technology and defense-related businesses are adequately represented.

Action ED – 2.4e – Work closely with the Southeastern New England Defense Industry Alliance (SENEDIA), which is the primary defense Industry group that advocates for defense industry support in the area.

Action ED – 2.4f – Work closely with Navy officials to endeavor that excessing of Navy property is handled consistent with the needs of businesses in the Melville area.

Action ED – 2.4g - Evaluate development plans for the West Side Defense Highway (i.e., the “Burma Road”) and Stringham Road to endeavor any plans are consistent with the support of local marine, technology, defense and other businesses.

Action ED – 2.4h - Task the PEDC to assist business owners in establishing procedures and policies that will help innovative entrepreneurs to develop into viable local technology businesses.

Policy ED-2.5

Promote tourism and the local tourist economy at every opportunity.

Action ED – 2.5a – Investigate the establishment of a Portsmouth Tourism Board to oversee efforts to promote tourism in Portsmouth.

Action ED – 2.5b – Partner with the Newport County Chamber of Commerce and/or similar organizations engaged in the promotion of tourism.

Action ED – 2.5c – Promote a business environment that welcomes new businesses to support the tourism economy.

Action ED – 2.5d – Adopt and implement an ordinance to regulate the increasing number of properties being used as short-term rentals.

GOAL ED – 3

Focus on the type of economic growth that makes Portsmouth more resilient, self-sufficient and resistant to the impacts of external natural and economic forces.

Policy ED - 3.1

Endeavor that built infrastructure and municipal services are maximized to support local business activity in Portsmouth.

Action ED – 3.1a – Collaborate in and prioritize the development of high-speed, broad band internet to all of Aquidneck Island.

Action ED – 3.1b – Develop a plan to establish Wi-Fi “hotspots” to enhance the hard-connected internet infrastructure and provide internet access to more businesses and residences.

Action ED – 3.1c – Work with RIDOT to endeavor traffic improvements to both East and West Main Roads as well as the Town Center area maintain the highest priority for completion.

Action ED – 3.1d – Investigate public ownership of utilities and infrastructure in the Melville area as a catalyst for future growth.

Action ED – 3.1e – Work with the Portsmouth Water and Fire District to endeavor adequate water supply for future economic growth in Portsmouth.

Action ED – 3.1f – Investigate operating Town recreational assets as enterprises to maximize return on investment.

Policy ED - 3.2

Encourage local business-to-business programs and policies that encourage local relationships and local business coordination. Keep Portsmouth dollars in Portsmouth.

Action ED – 3.2a – Institute an annual roundtable to bring local business leaders together to discuss matters of mutual interest. (see ED 1.1a)

Action ED – 3.2b – Task the Director of Business Development, working in conjunction with the Newport County Chamber of Commerce and the Portsmouth Business Association, with identifying and bringing together local businesses that can work together for mutual benefit.

Action ED – 3.2c – Investigate innovative business practices and local business strategies for applicability in the Portsmouth business climate.

Policy ED - 3.3

Address the increasing impacts of climate change and seek ways to protect both public and private business and infrastructure assets within Portsmouth.

Action ED - 3.3a –Study the impacts of storm surge, flooding, and sea level rise in flood prone areas including Park Avenue and the Melville area.

Action ED - 3.3b – Collaborate with Rhode Island Sea Grant and other federal, state, regional agencies or non-profits that educate business owners on the negative impact of climate change and what can be done to protect business assets and infrastructure.

Action ED - 3.3c –Task the Town Director of Business Development to seek grants to protect businesses and infrastructure from the impacts of climate change.

GOAL ED – 4

Attain a level of business growth that supports a balanced and sustainable tax base without compromising Portsmouth’s natural, historic, architectural and aesthetic character.

Policy ED - 4.1

Through zoning, endeavor there is a sufficient amount of land to support growth in the commercial/industrial tax base to maintain a balance with Portsmouth’s residential tax base at appropriate levels.

Action ED – 4.1a – Compile and maintain a list of publicly and privately-owned vacant and underutilized parcels with commercial and industrial zoning designations.

Action ED – 4.1b – Prepare an Economic Buildout Analysis to determine how much commercial/industrial development remains possible under current zoning.

Action ED – 4.1c – Undertake an analysis of the magnitude of commercial and industrial development required to impact the balance of residential to commercial tax revenue by a given percentage point.

Action ED – 4.1d – Undertake an economic viability/highest and best use analysis of all publicly-owned properties.

Policy ED - 4.2

Manage commercial/industrial growth patterns which may include the concept of nodes and clusters rather than large concentrated retail centers, extended commercial strip development or growth centers. Promote transportation alternatives accordingly.

Action ED – 4.2a – Prepare a Community Purchasing Power study to determine how much, where, and what types of businesses in Portsmouth have the capacity to support in the future and adjust Commercial zoning accordingly.

Action ED – 4.2b – Review and update provisions in the Zoning Ordinance for Mixed Use development in commercial districts.

Action ED – 4.2c – Review and update provisions in the Town Center Zoning District to reflect changes in RIDOT’s concept for traffic improvements in the area.

Action ED – 4.2d – Review and update Portsmouth’s Design Review standards.

Action ED – 4.2e – Study residential and commercial zoning patterns for opportunities to rezone for further commercial development clusters.

Policy ED - 4.3

Continue to require landscape buffers and other regulatory safeguards that protect residential properties from the negative impacts of commercial and industrial development.

Action ED - 4.3a – Review zoning and sub-division regulations and all town ordinances to maximize reasonable protections to residential parcels from the negative impacts of commercial and industrial development.

Policy ED - 4.4

Consider direct public investment in unique development, re-development and in-fill opportunities as a way to ensure quality business development that does not compromise community character.

Action ED – 4.4a – Determine the best course of action for the Town with regard to the Tank Farm properties being excessed by the Navy.

Action ED – 4.4b – Pursue strategies to create a business incubation facility in Portsmouth.

Action ED – 4.4c – Investigate the creation of a public/private Portsmouth Economic Development Corporation to facilitate local economic development.

GOAL ED - 5

Achieve a level of economic conditions and business climate that increase the competitive advantages of doing business in Portsmouth.

Policy ED - 5.1

Minimize regulatory constraints on new and existing business owners by seeking ways to improve local licensing, permit approvals and development regulations as well as working through Portsmouth’s state delegation to influence and streamline state-mandated licensing and permitting regulations.

Action ED – 5.1a – Adopt a new “Industrial Park” Zoning District with updated zoning regulations to replace the now expired site restrictions and development standards guiding development of the original park.

Action ED – 5.1b – Implement an audit of business licensing and permitting procedures with the goal of streamlining the process for new business applicants.

Action ED – 5.1c – Update and modernize the Use Tables in the Portsmouth Zoning Ordinance.

Action ED – 5.1d – Review zoning regulations for mixed-use development to allow for more flexible property use strategies.

Action ED – 5.1e – Update Article III of the Portsmouth Zoning Ordinance, Division into Districts and update the official Portsmouth Zoning Map accordingly.

Action ED – 5.1f – Create a “Handbook for Starting a Business in Portsmouth” as an aid to prospective business applicants.

Policy ED - 5.2

Promote policies and programs that reduce the cost of doing business in Portsmouth.

Action ED – 5.2a – Revitalize and re-task the Portsmouth Economic Development Committee (PEDC) to study ways the municipality can help reduce business costs. Ensure that the Town Director of Business Development is maintained as an Ex-Officio member of the PEDC.

Action ED – 5.2b – Investigate the establishment of a locally-funded revolving loan program to provide local small businesses with better access to short-term cash requirements.

Action ED – 5.2c – Work with CommerceRI and other state partners to identify grant opportunities for Portsmouth’s businesses.

Action ED – 5.2d – Work with the General Assembly to support tax reform at the state level and address the competitive disadvantages Rhode Island businesses may have with our neighboring states.

Action ED – 5.2e – Investigate and monitor for potential grants and track grant funding that can enhance town investments in improved infrastructure and services.

Policy ED - 5.3

Ensure there is robust municipal support of local businesses including active promotion of Portsmouth as a good place to do business.

Action ED - 5.3a – Revitalize and re-task the PEDC to support businesses in Portsmouth.

Action ED - 5.3b – Engage external expert/consultant to develop short, medium- and long-term Marketing Plans to promote Portsmouth.

Action ED - 5.3c - Where permissible by state law, adopt municipal purchasing practices that favor Portsmouth businesses.

Action ED - 5.3d – Investigate the holding of an annual week-long, town-wide, large-scale civic event to “put Portsmouth on the map,” foster civic engagement and promote community cohesion.

Action ED – 5.3e –The town position of Director of Business Development as the lead advocate for existing and prospective businesses.