

Thank you.

My name is Richard Talipsky of 79 Cromwell Drive. I am the Chairman of the Town's Economic Development Committee. Tonight we will present our annual report to the Town Council as required by our by-laws.



EDC Membership

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

- **Bob Andrews**
- **Paul Fleming**
- **David Janiesch**
- **Chad Kritzas**
- **Steve Lake**
- **Steve Larson**
- **Molly Magee**
- **John Palmieri**
- **Ralph Plumb**
- **Allen Shers**
- **Doug Smith**

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

• **Town Council Liaisons – Len Katzman and Bill West**

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We have 14 members that have exceptional and diverse backgrounds that range from business and community leaders, 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)

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

Our Town Council liaisons are Len Katzman and Bill West.

Outline for This Report

- ***Status of Tax Base***
- ***PEDC Project Update***
- ***Business Development Director Summary***

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Our 15 minute presentation tonight will provide an overview of the tax base, an update of our work and plans and a summary of the work of our Business Development Director.

Status of the Tax Base

- ***Why is the Tax Base Important?***
- ***Net Assessed Value Base for 2006 Tax Year***
- ***Tax Base History 1990 – 2006***
- ***The Tax Base Forecast***

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For the past 6 years the EDC has provided the Town Council with an assessment of the Property Tax Base of the Town, it's history and the impact it has on revenue generation. We will try to continue to place the importance of the tax base in perspective.

Why is the Tax Base Important?

*Tax revenues are not keeping pace
with Town expenditures*

- **Most of the Town's Revenue Comes from the Property Tax Base**
 - Most of our taxes come from Residential Properties.
 - Most Residential Properties are “Revenue Negative”
 - Commercial Properties are “Revenue Positive”
 - Privately Owned Open Space is “Revenue Positive”
 - Residences that are “Recreational-Residential” are “Revenue Positive”

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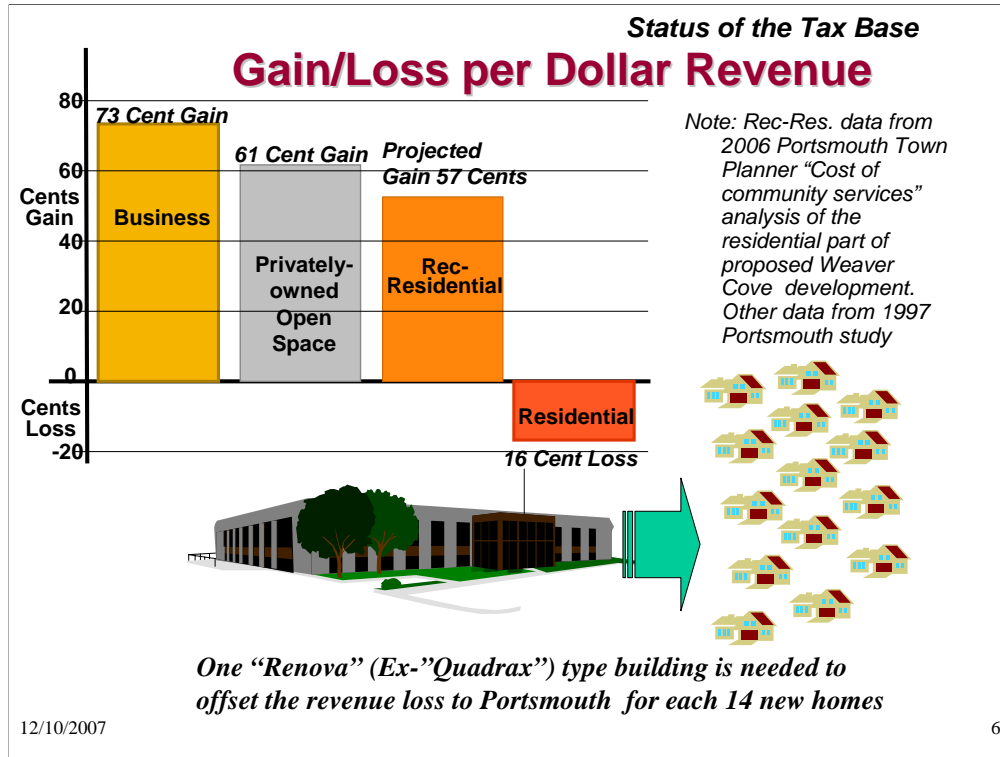
We are not bringing in enough revenue to meet the Town's expenditure.

Most of the Town's revenue comes from property taxes – the majority of which are traditional residential.

By just about any measure, traditional residential properties are “revenue negative” in that they command more in services than they pay in property taxes.

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.

We are specifically looking at the revenue effect of those high-value properties that are only occupied on a part time basis that we call “recreational-residential” (Our first cut was to take the properties that have a taxpayer address other than Portsmouth with no local voter (i.e. a full time renter) registered at that address.



You have seen this chart many times before and the message remains the same. The amount the different categories require in return of what they pay in property taxes is dramatic. The commercial percentage, although small, has a dramatic effect on providing revenue to the Town's treasury as does privately-owned open space, and those residences that are not occupied full time – that we call recreational-residential. - that do not cause a drain on our bank account because they demand less services and, typically, don't have children in schools.

Because of the services they demand, for every 14 traditional homes we build, we need the equivalent of one Renova type business to offset the loss.

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

Net Assessed Value	12/31/05	12/31/06	Change	% Change
Total	3280	3328	+48	+1.4
Residential	2930	2973	+43	+1.5
Residential (less rec-res)	2848	2879	+31	+1.1
Recreational Residential (estimate)	82	94	+12	+14.6
Commercial, Industrial, Utilities	237	238	+1	+0.4
Tangibles	59	63	4	+6.8
C,I,U,T and Rec-Res	378	395	17	+4.5
Motor Vehicles	54	54	0	0
C,I,U and T as % of Total	9.0%	9.0%	0	0
Rec-Res as % of Total	2.50%	2.82%		+0.35
C,I,U,T and Rec-Res as a % of Total	11.52%	11.87%		+0.35

12/10/2007 *Basis: Portsmouth Tax Assessor data through 12/31/06. Taxable base after all exemptions (with exemptions applied to each applicable category)*

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Here are the numbers for 2006 as compared to 2005.

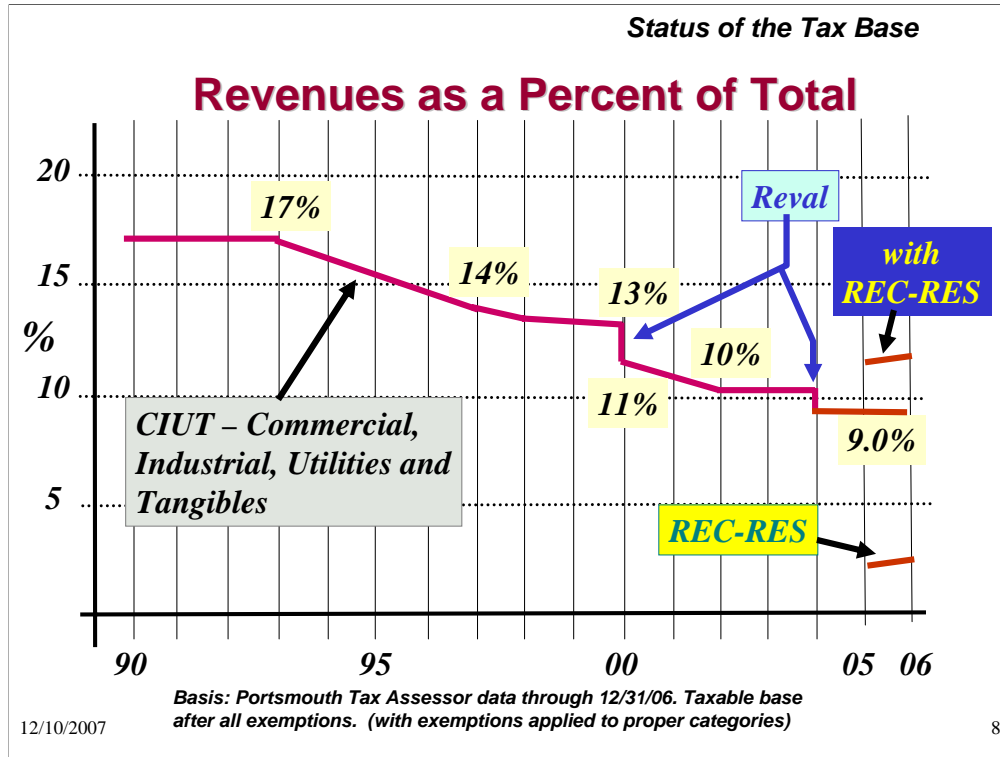
Each year we look at the certified Net Value of property assessments for the past two years based on data provided by the Tax Assessor.

For 2006, the tax base increased by \$48M. The percentage of Business Assessment (that is Commercial, Industrial, Utilities and Tangibles) remained constant at 9%.

There was a \$1M in increased business assessments and a \$4M increase in tangible taxed property.

This year, we have included our estimation of Recreational-Residential Dwellings. We estimate that these recreational-residential properties increased nearly 15 %. Recreational-residential properties were identified by looking at names on the property tax roles as compared to the names on the voter roles at those residences and making an assumption that the owner-non-voters with no current voters at an address were part time residents.

Including these recreational-residential properties to the commercial total showed about a third about percent increase. That modest increase resulted in around \$100,000 added revenue.



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

The revaluations of 2000 and 2004 brought a total of about 3% of “sticker shock” to the residential tax base and a drop in the commercial percentage. This year will bring another revaluation.

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

But, without revaluation, things have stayed just about constant since 2002.

We have started trying to fold recreational-residential property in to the mix. Right now that adds a little under 3%.

The Result: Our Property Tax Revenues are Not Meeting our Budgetary Requirements

- ***How do we make up the difference?***
 - **More “Revenue Positive” Development**
 - **More User Fees**
 - **Less Town Services, Programs**

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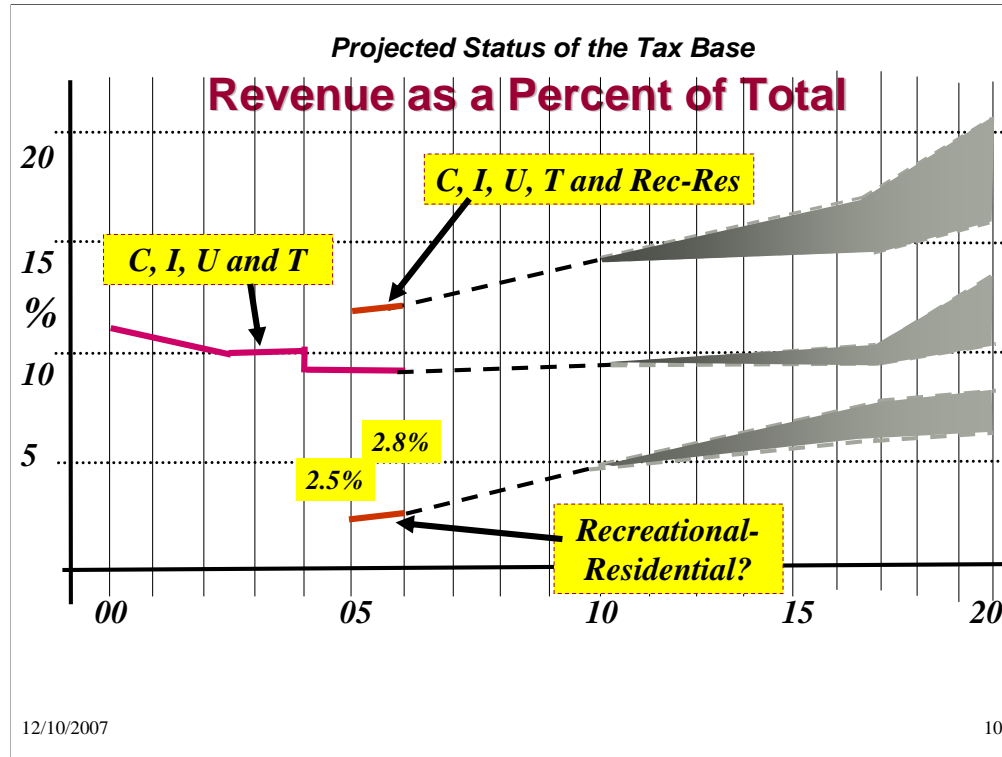
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Clearly, Property Taxes will not be enough for us to pay our bills.

Deficit spending has very dire consequences.

With property tax caps, there are three ways to eliminate the deficit (1) Creating more “revenue positive” development, (2) enacting more user fees, (3) cutting Town Services and Programs

(As I will explain in a bit, the second phase of our PEDC economic planning process will tackle how to create more “revenue positive” development



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

The key to mitigating the increase in property taxes lies in “Revenue Positive” development. The answer to this question is what the next phase of our strategic planning

Conclusions

- ***The commercial percentage contribution to the tax base remained about constant for the 4th consecutive year.***
- ***Our Business Development Initiative still continues to maintain the commercial percentage.***
- ***The nearly 7% increase in tangibles points toward increased investments in business infrastructures.***
- ***It is estimated that Recreational-Residential properties increased by nearly 15% and their contribution to the tax base is just under 3 %***

- ***BUT: We still suffer a significant revenue shortfall.***
 - Phase II of our Strategic Planning Process will try to address this shortfall

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Business base stayed constant at about 9 percent.

We expect this to increase with the new business starts this year and the phase in of taxes as EZ exemptions run down.

The nearly 7 percent increase intangibles shows that businesses are investing more in their infrastructures.

Recreational-Residential properties increased by nearly 15% and their contribution almost 3% (most of those are O'neil Carnegie Properties).

But, we still have a significant shortfall.

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

PEDC Work for 2007

- **Sustainable Energy**
 - Wind Project
 - *Referendum drafted*
 - *Feasibility Study Completed*
 - *Successful Public Information Campaign*
 - *Referendum Passed – RFP Issued*
 - “Net Metering” legislative relief
 - RI Wind Power Alliance
 - RI Stakeholders
- **Provided Info on Wastewater Issue**
- **Assisted Planning Board on Weyerhaeuser**
- **Provided Info on Large Development Issue**
- **Issued Economic Strategic Plan Phase I**
- **Continued Business Development Initiative**

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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.

-Our sustainable energy initiative concentrated on Wind Energy:

-We got our referendum passed.

-The work leading up to that was significant

-We worked on getting better payback on electricity sold to National Grid – A watered down bill was passed at the 11th hour by the assembly. We will continue to lobby for better terms in this year’s assembly.

-We are staying active with the wind power alliance of RI communities

-We are participants in the RI Wind Stakeholders to ensure we can benefit for the RIEI1 initiative to have 15 percent of our power coming from wind power by 2020.

-We have been actively involved in the economic aspects of the wastewater issue

-We assisted the Planning Board with a detailed assessment of the Weyerhaeuser project.

-We continue to weigh in on the Large Development issue.

-We issued the first phase of our Economic Strategic Plan

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

Plans for 2008

- ***Sustainable Energy***
 - **Wind Project**
 - *“Net Metering” legislative relief*
 - **What’s Next?**
 - *Conservation initiatives*
 - *Examine Other Energy Technologies*
- ***Provide Economic Perspective on Issues***
- ***Continue Business Development Initiative***
- ***Phase II of our Strategic Planning Process***

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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 – probably a focus on conservation and other technologies

We will continue to provide economic impact of Town issues.

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.

Strategic Planning Phase II

Principles

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

Economic Development Goal

- *Increase the “Revenue Positive” portion of the property tax base to 20% by 2020*

Policies

- *Encompasses the West Side Master Plan Vision*
 - *Focus on West Side land primed for development*
 - *Update Business Forecast*
 - *Identify initiatives to support “smart growth”*
 - *Identify obstacles that may impede success*

Need a Town Council Workshop to Discuss Details

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Our next big project is continuing our Economic Strategic Planning project. We'll move on to our next phase that builds on our Phase I effort that was presented to you in our May workshop..

It is underpinned by three principles of fostering economic vitality, preserving the quality of our community, and making living in our Town affordable for all our residents from young professionals to the retirees that built it.

Its basic goal is to increase the revenue positive portion of the property tax base to 20% by 2020

It will encompass the vision of the West Side Master Plan, focus on the opportunities of the Melville area and ensure that we grow smartly, overcoming obstacles while measuring progress.

We will work out the details in the next weeks.

We'd like to schedule a workshop with the Town Council to discuss the details of our plan.

**Director of Business Development
Bill Clark**

- ***2007 Activities***
- ***Key Focus for 2008***

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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.

Marketing Portsmouth

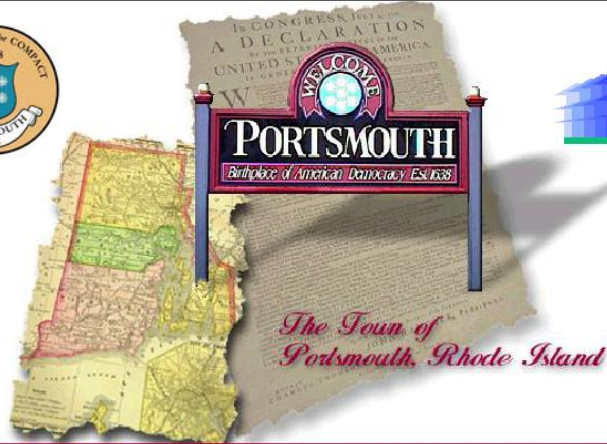
- *Town resource for business inquiries and issues*
- *Contact point for new and expanding business interests*
- *Promoted & administered Enterprise Zone program – enrolled new participants, assist with compliance*
- *Promoted Portsmouth at RIEDC and PBA expos. Advocated for owners of large parcels - zoning issues, restrictions, alternatives*
- *Communicated with legislators to continue Enterprise Zone program*
- *Initiated change in tax stabilization program to reflect current real estate practices*
- *Assisting the PRA in Marketing Plan development*

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

Key Focus for 2008

- ***Work with marine industry & RIEDC to complete “Melville Backyard” transfer***
- ***Expand Enterprise Zone participation.***
- ***Recruit new members for Portsmouth Business Association.***
- ***Assess WSMP potential development impact – work with PRA & AIPC***
- ***Nominate Town Ctr. in CEDS program for additional exposure for possible funding***

– all aimed at growing Portsmouth’s revenue positive tax base



*Thank you for your time.
Any questions or comments?*

Additional Information

***The following attachments
provide additional details
of the information
in the slide presentation.***

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PEDC Projects

***The following provides additional
information on PEDC projects
for 2007 and 2008***

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**Liaison with the Town Center Committee
(Project Originated by the PEDC Continuing in
2008 Under a Separate Committee)**

- ***By Laws in Place***
- ***Public forum with DOT***
- ***Formulating RFPs for Greenway and Streetscape Design***
- ***Town Council approved RFP for Grant Planning Project***
- ***Hired Mayforth Group to work Congressional contacts to try to speedup project***

Wind Energy Initiative *PEDC Projects* **(2007 Project Results)**

- ***2007 Wind Energy Project Accomplishments:***
 - Completed Feasibility Study (Oct)
 - Conducted information Campaign (Apr-Nov)
 - Drafted and husbanded Referendum through the Assembly (Jan-Jun)
 - Referendum Passed (Nov)
 - Developed and issued Wind Project RFP (Nov)
- ***Legislative Relief***
 - Participate in the RI Offshore Wind Stakeholders Group
 - Participate in RI Wind Alliance (synergy with other Towns)

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Sustainable Energy Initiative *PEDC Projects*
(2008 Expanded Project)

- ***Sustainable Energy initiatives:***
 - Explore possibility of “Island wide” wind energy plan with AIPC and other towns
 - Support RI PUC “Distributed Generation” requirement for Towns and municipalities
 - Continue to Champion Energy efficiencies and Cost reductions
 - *PBA, Town, School Department, citizens*
 - Promote Portsmouth visibility at all state levels

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*

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West Side Development (Project Continuing in 2008)

PEDC Projects

- **2007 WSMP Work**
 - Monitored initiative to turn the concepts of the plan into reality.
 - Choice area for commercial development
 - *In the Enterprise Zone*
 - *Access to coastline*
 - Need to preserve the “high quality” of the area.
 - *Potential for uncontrolled development*
 - *West Side Drive Plan a good start, however:*
 - Could add traffic and noise to a currently serene drive
 - Must be a carefully controlled total plan.
 - Ensure development meets the needs of the Town as specified in the Town Comprehensive Plan.
 - Establish a list of standards by which each initiative can be measured to ensure each improves the economic and way of life goals of the Town.

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Economic Strategic Planning *PEDC Projects* **(Continuing Project for 2008)**

VISION

Provide the Town a framework to both guide and measure progress to a better economic future.

MISSION

The Portsmouth Economic Development Committee is charged with creating and recommending a Town Economic Strategic Plan that is consistent with the Town's Comprehensive Plan. It encompasses the vision of the West Side Master Plan, while taking into consideration the economic spin-offs that will impact the entire Town.

Our primary focus will be the Melville Marine District because it is primed for near-term development

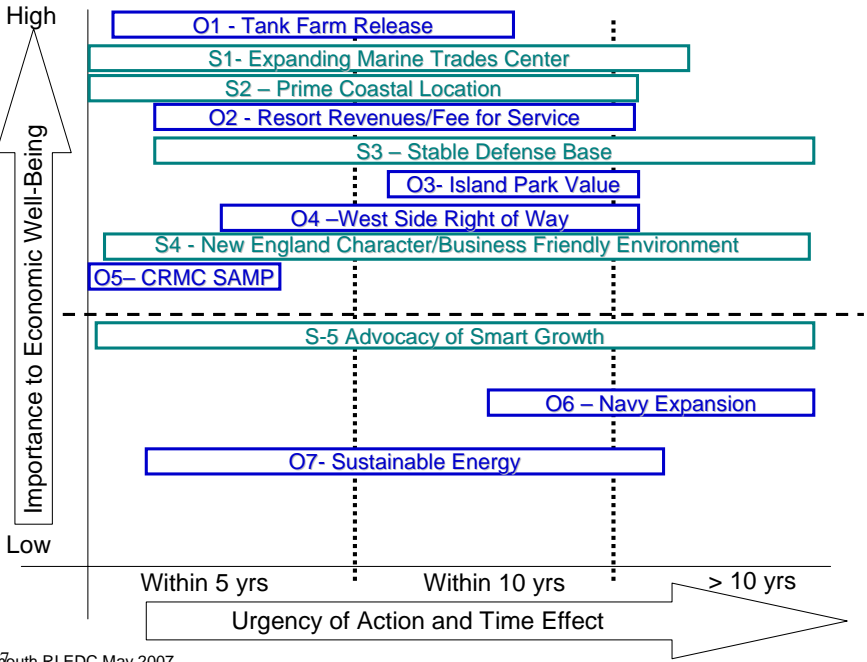
The Economic Strategic Plan will encompass the following:

- A 5-year projection with a 10-year outlook*
- Identification of required policies and initiatives to support "smart growth"*
- Identification of obstacles that may impede progress*
- Recommend principles and metrics against which developments will be measured*

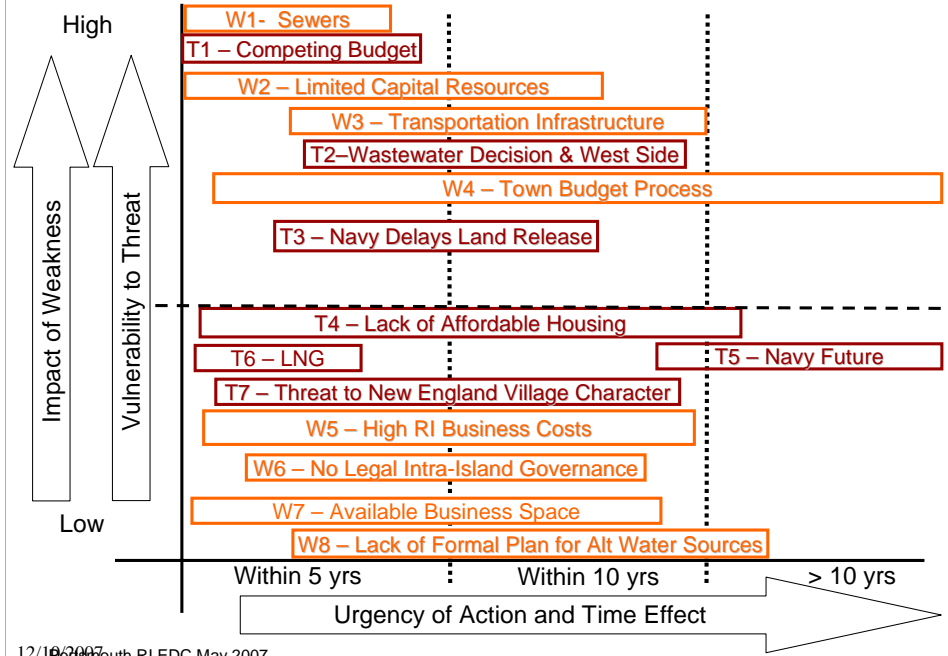
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Strengths and Opportunities



Weaknesses and Threats



12/16/2005
 12/16/2005 South RI EDC May 2007

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Recreational/Residential Property Tax Analysis (Continuing Project for 2008)

- *Analyze the positive and negative impact of development on the west side of Portsmouth with residential properties that do not create a tax burden due to limited use (termed recreational/residential) (e.g., Carnegie Abbey developments)*
- *Specifically identify and quantify the impact of west side recreational/residential properties on the Portsmouth tax base*
- *Work closely with the Portsmouth tax assessor to create data that more accurately reflects the tax burden of recreational/residential properties and include the data in the PEDC Annual Reports to the Town Council*

Wastewater

- *Provided economic position paper*
- *Researched similar situations and projects in other U.S. municipalities.*

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Business Development Details

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

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2007 activities

- **Continued to build relations with key development business partners – average contacts per month**

- Business inquiries	15.3
- Enterprise Zone activity	10.0
- Portsmouth EDC	11.4
- Town Council, Boards & Staff	12.6
- Portsmouth Business Association	6.4
- Brokers/agents	3.7
- RI Econ. Devel. Corp.	6.4
- Newport Chamber/civic groups	2.5
- Marine Industries & O'Neill	4.3
- State offices/DOT/Fed & Legislatures/SBA	3.9
- AIPC/WSMP/PRA	3.6
- Town Center Issues	4.8
- Defense industry & Navy	.6
- Façade program	2.7
- Local news media	1.8
- Tiverton EDC & Tiverton Town Admin.	.5

**average hrs. last 12 mos. = 65.1/mo.
30% over contract requirement**

Additional 2007 Activity

- *Worked with commercial brokers to identify property for interested businesses*
- *Investigate administrative problems for companies – support appeal to EZ Council*
- *Increased Portsmouth exposure at RIEDC - attended EZ Council meetings in support of business issues – defended special appeals*
- *Consulted with numerous business owners concerning plans for expansion – zoning, permitting, financing issues – intro to other Town staff*
- *Promote the existence of the DBD office as resource & connection to State programs – training, financing, employment, re-location – “Every Company Counts”*
- *Continue support for Tiverton businesses & staff to strengthen viability of Enterprise Zone designation for both towns*
- *Disseminate EZ info – follow inquiries with mail or deliver EDC brochure*

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Additional DBD Focus for 2008

- ***Actively represent business interests in Town issues: Town Center Committee; zoning issues; PRA; highway planning; RIEDC.***
- ***Explore availability of grants & matching funds***
- ***Continue business relationship building in Portsmouth & regionally***
- ***Promote Portsmouth Town initiatives and EZ participation at PBA & other business expos***
- ***Promote local business profile articles to Daily News***

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