

**SPECIAL COMMITTEE ON JOB CREATION/JOB RETENTION &
ECONOMIC DEVELOPMENT AND THE COMMITTEE ON
ADMINISTRATION/INFORMATION SYSTEMS**

December 18, 2012

5:15 p.m.

Chairman Arnold called the meeting to order.

The Clerk called the roll.

Present: Aldermen Arnold, Ludwig, Long, Corriveau, Katsiantonis,
Greazzo, O'Neil, Shea, Gamache

Messrs: S. Owen, B. Sirak, N. Kershaw, R. Comstock

Chairman Arnold addressed item 3 of the agenda:

3. MEDO update, provided by Mayor Gatsas.
*(Note: MEDO responsibilities and communication from Mayor Gatsas regarding
MEDO staff supervision are also included.)*

Chairman Arnold stated without objection of the members of the joint committee, I have spoken with Mayor Gatsas and in addition to a presentation by him, also with us is a member of the board of directors of the Manchester Development Corporation who has a PowerPoint presentation that I believe has just now been provided to the committee and he'd like to go through that as well. Also, there are representatives from the Chamber of Commerce here to weigh in on the discussion regarding the future of the Manchester Economic Development Office. We will start with Sean Owen representing the Manchester Development Corporation and then Mayor Gatsas can chime in when appropriate, and then we will take it from there.

Mr. Sean Owen, Manchester Development Corporation, stated thank you, alderman. I'm joined with Newton Kershaw, chair of the MDC board and Bill Sirak, who works on the Amoskeg Industry Board with us as the executive director. I will go through this deck relatively quickly in the interest of time, but I will hit the highlights that we think are important. When we looked at MEDO we decided that there was an opportunity today to look at that department and what it has been serving for the city and what it could be doing going forward. We looked at this really as if we had to start over again and we could reconstruct the department without making major changes, how could we do it to the betterment of the city, so we looked at it as an opportunity. One of the questions we asked was what does the city need, what does Manchester need. We saw two audiences in this exercise; one is the business community and one is the city. For the city we felt that it was important that there's obviously a welcoming and successful process for everybody to go through the development process and we felt that MEDO being the economic development office could help champion that process and be an advocate for those projects and those builders and individuals. We felt that it could be the point of contact for a lot of the programs that exist in the city, whether it's state programs or federal programs. Chris Wellington mentioned some of the Brownfields grants this morning; certainly there is the 79-E programs, there is lead abatement, there are quite a few programs that developers can take advantage of that allows them to complete a project successfully, and we need somebody in the city who is aware of those programs and can share the information and help builders through that process. We also wanted somebody who would drive the long range plan for the city, and we'll talk about that a little bit further as we get into this. We wanted to have a department that is marketing Manchester, that is putting out communications, whether it is on a national level or on a regional level, that shows that Manchester is a vibrant community and that

it's growing from an economic standpoint, from a cultural and life standpoint and that it is a destination. More importantly, we also wanted somebody who could support the Board of Mayor and Aldermen. One of the things that we felt was lacking a little bit in the current model was how do we keep this department accountable and measurable for some form of performance. So we took a look at that and we made some recommendations in this deck as well. The business community, as you can expect, has the need of access to knowledge, whether it is public programs, whether it is about the development process, whether it is about the City-owned real estate or other projects, and the business community also needs that liaison who gives that access to somebody on the Board of Mayor and Aldermen, somebody who will look out for the development and be pro-Manchester rather than looking at it from a planning or zoning aspect because there is a very distinct difference in that. The process that we undertook was pretty methodical. We had all of our board members, as well as Amoskeg Industries, reach out to various individuals. They could be developers, business leaders, finance people, there were certainly other cities of similar size and scope, other development offices, and we looked at what their processes were and whether they worked well and certainly some of the cities shared with us things that they were challenged with as well and what hasn't been working well and how they've made changes along the way during the years for their development process. We really wanted to look at best practices, we wanted to be able to put something in front of the Board of Mayor and Aldermen that has been done, that's been tried and true and we know will work and be successful. Just to mention some of the expertise that's involved, on the next two slides is the listing of the board members, the committee members, of the two organizations, Manchester Development Corporation and Amoskeg Industries. As you can see looking down that list, there are a number of individuals who are either developers, bankers, financiers or lawyers, so there is an enormous amount of IQ, if you will, on those

boards that allowed us to look at this from a very pragmatic standpoint as well as ask intelligent questions when we went out to the other organizations. One of the interesting things that came up during our conversations in the committees and some of the various meetings was that if you look at the city and you think about Manchester, and we only put the departments that were directly related to this... We have a Finance Department, we always have highway, which is infrastructure, and then we have Planning and Community Development. All of these departments safeguard Manchester, if you will. They look at Manchester from a growth standpoint, how can we make sure that our roads are safe, how can we make sure that they're being well developed and intelligently developed to maintain traffic and what's going on in the city, as well as the same thing with community planning. What was missing to an extent is that revenue driver. What department is really looking at the City saying how can we make sure that we get to that next level, what is going on in the city for active development projects, whether it's a single restaurant being built, whether we go back to the days of the Verizon being built. Somebody needs to be looking out beyond that single piece of property, that single parcel, to think about the opportunities that exist around that parcel of land because obviously if there's development happening on any sort of land, whether it is a new office building, whether it is an entertainment complex, a movie theater downtown, whatever the case may be, there are opportunities around those projects for other developers to come in and capitalize on the momentum that's there and that's being created. We don't have that in the city right now and that should be the MEDO office. Obviously we don't a director of MEDO right now, but that is an important role that this person or this department needs to address and that's probably a good thing for me to point out too. We really stayed at the department level, we wanted to talk about what the department needs to return back to the city and not get into positions and people. We did mention what we thought the structure would need from a resource level,

but we really tried to define what's important to the City in terms of a department. Now I'll get into the recommendations. First, the criteria for the recommendations and I think these are very important as hopefully you can see we have tried to look out for your best interest as elected officials in the City. We wanted to work within the current budget; that is always one challenge that we have whenever we're talking about changes to a city structure. One of the biggest things that we wanted to do is make sure that we work within the confines of the current budget. The other thing is we wanted to define the department as well as what the measurability and the accountability would be for that department. One of the things that we heard in the previous meeting was MDC doesn't report often enough in here. Obviously Chris Wellington, and prior to that Jay Minkarah, would come in and do a report as well, but how do you truly measure whether that department is performing in a top notch role where 80% capacity or 70%, and I'll give you some recommendations here of how we feel that you can hold the department accountable. We also wanted the structure based on something, as I mentioned, that's been proven, that exists in another community and that is working successfully so that we're not trying to invent something new and be innovative and have more challenges with that. Some of the other things are obviously what you would expect in terms of marketing, keeping Manchester on the edge for your economic growth, but those are the highlights. As a department, the performance expectations we felt were very important to what they may have before you and report on. What they're going to ultimately say is this is why this department was successful and this is what we were able to achieve, and you, as aldermen, will be able to sit back and say that department had a value for the city and we invested wisely in that department. Creativity, negotiate private/public partnerships; those are very important elements. Obviously the city has had a fair number of projects that it has taken on over the years, we have some that are outstanding that we're still waiting to try to develop and what office do those fall

into. So MEDO is obviously the most important office for that role. Establish and maintain a city marketing program. As far as MDC is concerned, we do give monies each year to the MEDO office, you probably know that through the budget. We think it's very important that there is proactive marketing done of the city. The department should either be attending trade shows, placing advertisements, leveraging private dollars, which the department didn't do very well, like utilize private dollars from PSNH and Citizens Bank to place some ads. That should be a major role that the department is placing. A pretty significant change is the city advocate for commercial property owners, and that's the one that we talked about earlier where we feel it is our community planning and zoning and regulatory process that is obviously critical to the safety and the progress. What's equally important is who champions the builders through that process. Certainly we've seen a number of projects in the city that take longer than they probably should, they are not necessarily the most friendly, they could be slightly adversarial in some of the process, and having a department that is focused purely on reporting to this group that says we had 22 permit starts, we had 13 project starts, we've had 14 complete, the average has been 60 days in the process. Having some sort of measurement like that that allows you to put your finger on the pulse of what's actually going on in the city in terms of the development and what that progress is... Long range planning is obviously a more important one that we mentioned already in terms of some of the larger projects. You've done studies such as the Angelou and Hillier report. Who besides city planning is looking out from the development standpoint of how we can make those plans actually come to fruition? Then there is the revolving loan fund that we talked about. The last page of expectations talks about some of the city's capital projects that take place, and again, one of the things that we were looking at when we did this exercise was where do the responsibilities fall in the city. So if this is something that's necessary, could it fall in a different department, could it fall on a

different individual, and the answer that we got was no. That for Manchester, economic development some of the capital projects that are taking place, again, talking about what's possible around those neighborhoods and what's possible when developers come in and want to know what's happening with other properties. This is the office that that should be administered through. The programs that are mentioned here are only a small sliver of the programs that are available and those are critical. We talked about the Brownfields grant having only \$4,000 left of the \$200,000 or \$400,000. So as you can see, there's a need for these funds to be used and they help the development process finish. That's really important because there is nobody else in the city right now who would be responsible for that. The last thing on here is a much more broad view of how can you look at this department and say that it's been successful, and obviously economic development is directly tied to tax base and revenue base. So we felt that there could be reporting on what is the actual tax base in the city and how is it trending. Is it going up or down, how are the developments proceeding and what are they doing to our tax roll? Those are the expectations that we put on it. The last slide posted is our recommendation for structure. I said we did not get too detailed in this process and we didn't. We found it mostly important to talk about the department head and who this individual would be because this person has to be of fairly high caliber, as you can imagine with some of the programs that we're asking them to administer, some of the processes they need to go through from a political standpoint, they need to be a fairly high caliber individual and we listed some of those that will mimic what we were recommending for the department. Below that we did recommend that the department get restored to three full-time people. The other two people would be taking on some of the responsibilities like we talked about with advocacy of development projects, maybe administering some programs. One of the other problems that we looked at was to move the CDBG funds to this department, which we felt was a great idea in terms of what

that department can do and how they can influence that process but there might be some separation of duties that are required there. Those are our recommendations from MDC and Amoskeg, and we welcome any questions.

Alderman Corriveau stated thank you. Sean, and to everyone else, thank you. I think this is a great starting point. I think we have an opportunity before us right now to reinvent MEDO, and it was very interesting because I remember Alderman O'Neil was talking in terms of short-term, intermediate, long-term and I think a lot of us were thinking let's start off short-term right away, let's just get a guy in there and then start thinking intermediate and long-term, and I think this is incredibly useful because you're essentially recommending the opposite. You're saying define the expectations of this department, and I think you've outlined wonderful criteria, someone emphasizing public/private partnerships, a city marketing program. I don't know if we have a comprehensive one right now and that's kind of mind boggling if we don't. That should be, as you define it, a department expectation, city marketing. I want to ask you about the city advocate for commercial property owners because you even define it as one of the two subordinate positions. My first question is could you define, maybe beyond a bullet point or two, what you would envision this position doing? Obviously advocate commercial property owners, but color in that picture a little bit for me first.

Mr. Owen responded there's already been a lot of discussion and it relates to what the chamber was actually talking about earlier with Leon, where the process for doing development in Manchester is obviously complex and it has to be for many reasons. This individual, and what we saw in some of the other communities, they are responsible for a number of things related to making sure that that project gets completed, making sure that the process is followed correctly, they do what they

need to do as an individual coming to the city, trying to apply for permits or zoning changes.

Alderman Corriveau stated okay. The Concord example you gave in your prior testimony...

Mr. Owen responded exactly. Then they move forward with that individual to make sure that in a timely stance the city is actually responding. So the City needs to be responsible and make sure that they're not making changes to the process along the way or minor inconveniences that may delay the project unnecessarily. One of the things that we heard that was very interesting was that you could potentially, if you think about this as just a generic operation standpoint, you're helping your customer do a better job, so you're helping champion them through the process. You will realize savings in energy and time and effort on your side because now you have a more educated client who is coming to you rather than every time having somebody start from scratch who doesn't know the process. So it could have multiple benefits.

Mr. Bill Sirak, Executive Director of Amoskeag Industries, added about eight years ago I was chair of MDC and made a presentation to this group. We had a consultant at that time who gave us some good advice, but quite frankly I want to carry more what you're saying. The report that Sean put together obviously with our discussion was really very, very significant and if we had to pay for this, I'm sure you'd paying about \$20,000 for it. But what past consultants have told us, and basically have told you, is that Manchester needs somebody who gets up every morning and goes to bed every night thinking about economic development, and that's what that position really reflects. I think we're very fortunate that we have a mayor who not only understands economic development but obviously he has a

talent for pursuing that, but he has so many kinds of pressures on him and you have other pressures, especially with a tight budget. So the challenge that you have is being able to focus on economic development. I want to remind you that of all the department expenses that you have, all of that reflects money going out, obviously very valuable services like education, police, fire, safety and those are important, but this position, the director of economic development, is the only position that you fund that promises a return on that investment and expands the tax base. So it is a very serious challenge when you're looking at all the pressures you have, cost efficiencies to now invest in economic development. This is probably the best time to make that investment. However, because you're going to get a return, you're going to broaden that tax base. So I think you have to keep that in mind, and I want to acknowledge what a difficult challenge you face.

Alderman Corriveau stated to both of you, as I said, I think we're all in agreement that we're looking at an opportunity to reinvent this department. And just to clarify for myself, you are saying before you start talking about bringing in a new director, defining the positions under the director, take these set of criteria, these department expectations, the public/private partnerships, the marketing, the advocacy position, and use those as the basis of a department, define that, then move into personnel. Is that what I'm understanding correctly?

Mr. Owen replied that's correct.

Alderman Corriveau stated I could ask so many questions about this. One of the things I found interesting in your recommendations is including capital projects, a role to administer city, state and federal programs. I'm not entirely sure that the department does much of that right now, and that's a pretty big undertaking.

Could you maybe expand upon that and how you see that tying into an economic development angle?

Mr. Owen replied certainly. I will clarify that. We don't see them taking on the primary role of the city capital projects, it's more what can be done from an advocacy and from a development standpoint around those projects. A simple example is we're finishing up the municipal complex on Valley Street. What is that going to do to those neighborhoods? What other developers may now be interested in developing more property around those neighborhoods? That is where MEDO needs to be part of that discussion. So they may not be driving the capital project itself, but they are certainly involved in what's taking place around that capital project. Another example may be projects that are City-owned properties that were seeking to either sell or have developed and Hackett Hill would be a good example. Hackett Hill for many years was administered by MHRA and didn't MEDO, with MDC's help, step in to try to save the City some dollars to make sure instead of paying for administrative fees, that MEDO could administer that lot of land. I realize it's not the most successful project to mention, but certainly stopping paying administrative fees to MHRA was a good savings for the City. So those are the types of things that MEDO can be involved in.

Alderman Corriveau asked Sean, a City marketing program, that strikes me as a very big bullet point, one that I don't know how to even start talking about. Would you envision any of the potential three departmental staff or would you envision outsourcing marketing? One of the things I'm trying to figure out is if government market a city. It's very difficult for a government to say let's market ourselves, whereas the private sector is very good at it. I know that's sort of a verse position for a lot of us, but can you maybe talk about how marketing would

come into this scenario. Obviously you define it as a key department criteria, but it's a tough thing for those of us in government to wrap our heads around.

Mr. Owen replied an answer to the question of whether it can be done in-house versus outsource. Certainly there is more expertise if you outsource it, I won't argue that. But at the same time there is quite a bit that could be done in-house, in the office. Some of the things that have been done in the past have been TV commercials that were done, airline commercials that were done, that were done by leveraging private dollars. There were also studies that were related to marketing so we did a review of credit card companies and purchases that were in the area so that we could see if there were anchor stores or large tenants that may be appropriate for Manchester. So there are a lot of items that are directly related to marketing besides being the one to actually create an ad, drive a public relations article or something like that. Ideally it would be great if somebody could walk into the department and leverage some of these private/public dollars and some of the volunteer work that we could actually have some private companies help you with the marketing. I'll put that on the wish list. But certainly there's a lot that the department itself can do, even if it's just responding to public relations inquiries, piggybacking on the state efforts and things like that.

Chairman Arnold stated a couple of quick observations and then I'll open it up to other members of the joint committee. Sean, thank you for the document. I agree with Alderman Corriveau; it's a thorough document. I think it addresses a lot of the issues that we definitely need to be talking more about in this building and throughout the community. One observation I had when going through it is that a lot of the things you touched on when you were talking about what we need in an economic development director, it's always been, what my understanding was for an economic development director and I have a copy of the job description and a

lot of those things are in there, whether individuals at city hall, we need to do a better job holding whoever holds that post accountable to those functions, I think, moving forward makes sense. One concern I do have is in the proposal you talk about adding some additional responsibilities, and you and I have discussed this offline, namely the CDBG administration. But you're still proposing keeping the staff complement the way it is right now and I appreciate that you recognize the budget challenges, but I just wonder if we would be perpetuating a tendency that we do in this building of setting an initiative or department up for failure by doing that.

Mr. Owen responded we looked at a number of things related to that, and some of the things that we found were there may be other opportunities for revenue and income. Certainly administering those funds has some revenue funds that come with it. The other thing that we looked at were some of the small business week events and the Chili Fest. There may be an opportunity to capitalize on some of those from a revenue standpoint. But going up from a two-person complement to a three-person complement, we have that ability now within the line item budget from a salary standpoint to be able to get to three people, which we feel with some of these additional revenues would allow all of that to happen.

Chairman Arnold stated the only other observation I'll make at this point is this document is different than what was presented to the MDC board in that there are two stakeholders represented. Is that correct?

Mr. Owen replied correct.

Chairman Arnold stated if you want to comment on it, that's fine, otherwise I'll let the Chamber speak for themselves.

Mr. Owen stated it's purely a matter of timing. The Chamber's board met only this morning, they didn't have time to respond to it so they have written a separate letter of support.

Chairman Arnold stated we'll get to that hopefully by the end of the meeting.

Alderman Long stated thank you, Mr. Chairman. Sean, again, thank you and to the three committees that got together to put this together. This clears my mind; it's a breath of fresh air to have a document like this before me. I agree that it is two-fold; I agree that we need an advocate for the process, which is the City's process, and I agree that the City ought to be the one responsible for that advocate. The other one is somebody who eats, sleeps and breathes economic development. And the test is the revenue structure, are our revenues/tax base increasing and I understand that. What I'm trying to get my hands around is that in my opinion this person needs to fly on their own. It's difficult to have a government entity overseeing it because government wants results and government thinks that they know best how to approach a situation and then that hasn't worked. I think that maybe was an issue prior to now. I'm looking at the funding. I don't see government responsibility, with respect to this director as being funded by government if it is business driven, and it ought to be business driven. Alderman Corriveau brought up a good point that marketing is more effective from the business that is doing business in Manchester than it is for government. We're going to sell it; we're going to sell it blindly. You're going to sell it, businesses are going to sell it through their experience and it's more attractive. My question is these other communities that you looked at, is it fully funded by government, the director itself? I know in the Concord situation it is under the manager's

criteria so I can understand that. But is there some place where it is a quasi-government, public/private partnership for this person?

Mr. Owen replied I didn't conduct all of the phone calls myself. I don't recall reading any of that in the survey information that we got back. The only thing I can say is that there are some that are more involved with non-profits that are in the city, such as an Intown, and that their revenue streams from some of those types of things are either advertising or sponsorship or things like that, but I don't recall any office for ED being supported outside the city.

Mr. Sirak stated my experience is that overwhelmingly, communities and government supports this. You're living in a very, very competitive environment. Obviously cities across the country are trying to attract economic development to their area. One of the other challenges that you have is that New Hampshire doesn't do a lot in this area, and when you're talking about marketing, certainly I'm not suggesting that you're running full-page ads or television ads throughout the country, but rather a very targeted approach. There are site selectors who are actively looking for locations, and certainly you have an opportunity to attend what they call roundtable sessions where you're actually showing them we have this opportunity available to you, here is our tax structure. But again, we're not in a situation where you have a lot of tax incentives to offer, so it's going to be a particular site that a particular industry is looking at, making sure, as we said before, that that person who gets up in the morning is aware of those opportunities and pursues those on a very direct kind of a fashion. I don't see the board marketing dollars; the bulk of this money is going to go for paying for executive leadership, and one of my concerns is that do you fund this position at a level that you're going to attract top executive leadership. This is not the role for a rookie; you need an experienced hand in this position.

Alderman Long stated I support that. Financial is where I have the issue because it is too conflicting for me. The City financially supports this director, or this department, fully and we have three entities, Amoskeg Industries, MDC and the Chamber of Commerce that when either one of those businesses speak, the board listens. So if there is an issue that one of those three entities would have with this director for whatever opportunity they were working on, we would act and we have the full force of our finances in there. That is why I think some oversight with your three entities would make that accountability all the more important. If I'm paying 100%, I want to know who is coming into Ward 3. You're going to tell me it is confidential but I want to know. I don't have to know if this is a public/private partnership. How'd we get there? I'm not sure, but I would love to see the three business entities have some oversight and not just come into the board saying we would like them to go in this direction or what have you. Wherever that goes, I don't know, can it go there, I don't even know if it can, but I am just thinking outside the box, and I would feel more comfortable with that position.

Mr. Owen responded we definitely discussed a lot more oversight on MDC's part. We have to understand that Amoskeg Industries is actually a for-profit corporation. So while they are integral to the City in some of the land that's in the city, they wouldn't really be vested in helping fund any type of department. MDC already funds, to a degree, part of the department and the Chamber. Their role is not to attract new businesses to Manchester. They typically pass the phone calls back to the City. So I think from an oversight standpoint, public/private is very doable to be able to increase some more input and leverage the expertise of some of the people. But from a funding standpoint, I don't see any vested interest on their part to be able to fund the position, and it certainly wasn't in any of the other

communities that we saw to that extent. It's people who want to see Manchester grow.

Alderman Long stated being creative. Maybe not an initial funding but maybe something could be set up that when development happens there could be a set-aside for this entity, if you know what I mean. Not looking at starting off with a public/private partnership but as things progress, there is a fund set up for that purpose, for this department's purpose, with a joint effort.

Mr. Owen stated personally, alderman, I think that would be a great recommendation, and if we look at all of the development going on around Manchester, we should be able to have a nice little addition to the budget this year then.

Alderman O'Neil stated thank you, Mr. Chairman, and I want to commend those who worked on this very exciting document that you presented. Looking at the slide titled "Department Performance Expectations", I was here and Alderman Shea might have been here when we had the city coordinator. I go back far enough fortunately, or unfortunately, where we had a position called city coordinator. I notice that John Hoben is on Bill's board; a lot of this is what John did. He had economic development responsibilities, he controlled all of the federal funds, and I think bonding actually went through him. Very, very similar and when I think back to those days, that is when there was a lot of progress in the 1970s and 1980s here. He also had a partner at the Manchester Housing and Redevelopment Authority, a gentleman named Bob McCann, who was the executive director and bought very much into development and redevelopment. I think it is pretty interesting what you put down there, and I don't know if John provided some of this or not.

Mr. Sirak stated I talked to John about this and he gave me some good suggestions. The dynamics that were just described are right on target in that he had a rapport with all of the department heads and he had the blessing from the mayor and the aldermanic board members to interact with the department heads. And the department heads knew that John had that kind of rapport with you, and so it was very, very effective. In terms of your governance issues, I really see the MDC board as being kind of the volunteer, leadership board of directors for economic development activities. However, that same position has to work very, very closely with the Mayor's Office. So it is kind of the Mayor's Office, the department heads, MDC kind of being the oversight, and to remind you I think there are at least two members of the aldermanic board who also served on the MDC. Again, when I was chairman of the board, I think I could have done a better job communicating with you and Newton obviously plans to do that. It really is a public/private true cooperative kind of a thing. But the important thing is when we identify that person to be the economic development director, he or she has to have the level of sophistication and have the confidence of all of the department heads and people like you to really be effective.

Alderman O'Neil stated I appreciate that, thank you. I want to follow up on Alderman Long's comment maybe from little different approach about this quasi-public/private. I mentioned back in the days, I think you said MEDO at one point was for-profit and there was a point in government here where they were physically across the street, they were or were not a City department, and I don't know if that was good or bad. I think back very favorably to the days of John Hoben and the city coordinator. I met with Jay on his last day, and he's gone to an organization that I believe is called Develop Springfield, and it's kind of a quasi-public/private organization, and I don't know how the structure works exactly

within Springfield city government. I think it is partially funded by the City of Springfield but it is also funded by part of the business community, and that's kind of where Alderman Long went. I'm just wondering, did you take a look at that model at all, that kind of quasi-public? The easiest way for me to describe it was it was MEDO with staff, this Develop Springfield.

Mr. Owen replied we definitely did not look directly at that model in the sense that we didn't come across it with any of the cities that we spoke to. I think I remember the entity that you're talking about. Was it called For Manchester a number of years ago? That might be what you're referring to. The only other entities that we spoke with that have, to any extent, different funding mechanisms, would be things such as regional planning commissions and those that might have federal dollars or grants that come into them. But there was nothing else from private dollars.

Alderman O'Neil stated I'm not going to concentrate so much on the funding, but just that it is an arm's length away from City government for all projects to get some momentum. Sometimes City government is its own worst enemy so that's why I'm interested in learning more about this Springfield model. Just something to consider. Going back to your slide on department performances and expectations you pointed out the Angelou and Hillier study. Did your committee look at it? I personally don't think we use those documents enough to develop a strategy for Manchester. When we were talking about setting up this committee, I went back and looked at the Angelou study and it is eight years old, or maybe older than that, but it is pretty applicable to today though.

Mr. Sirak stated it is eight years old. I was involved in that.

Alderman O'Neil stated my question is, do you think we use those documents enough for guidelines?

Mr. Owen replied no. But I also think that is because there is no department that's really responsible for it.

Alderman O'Neil asked do you think that we have a message or a target that's clear? I have a friend who formerly worked here, Bill Jabjiniak, and he's in Mesa, Arizona, and they have a very simple plan. It is called HEAT; Healthcare, Education, Aerospace and Tourism, and that is what they focus on. There might be some other things that come their way, but their focus is on those four targets, their message is on those four targets and that's something we miss here, I think.

Mr. Owen stated I can speak to the last year when Jay would be giving a report at MDC's board meetings. There was definitely a focus on aeronautics, healthcare or biosciences and there was one more. So there was the start of a semblance of a marketing plan, or at least a direction. Again, I think there is a challenge with what the expectations were from the department, so what direction and what priorities should they be putting on their activities.

Alderman O'Neil stated another follow up on Alderman Long again. This isn't your problem, the marketing dollars, but I think where he was going with the private sector is, we have a budget and if it gets tight, we're looking to do everything we can to save the position, the salary and benefits and then there is nothing left over. And I think at one time when Jay first came on board, they were able to do a little more and go to some of these various trade organizations, so that would be a concern where we need some help, and if you folks have some thoughts on how the private sector might be able to do it. One final question, I'm

willing to do this but somebody might have put together something. Sean, you used the word survey, and I'm just wondering if you could, maybe there's something else out there that we're missing, if you were willing to spread that survey request to some other cities. I wrote down Worcester, Providence, Portland, and Albany. For the most part the cities you listed, other than Lowell, are all smaller than Manchester. Springfield, Massachusetts, would be one, where Jay is now, if you could expand that. Maybe I can send an email to some cities that I wrote down, and it might be better if it comes from you because you know what questions you asked, just to see if there is something you may or may not want to add to this presentation. But I want to thank you all for your efforts with this. This is very exciting and hopefully we go forward with your recommendations. Thank you, Mr. Chairman.

Alderman Greazzo stated thank you, Mr. Chairman. This is for any member of panel. Why wouldn't this be something that the MDC does currently?

Mr. Newton Kershaw, Chairman Manchester Development Corporation, replied it is a group of volunteers that doesn't have a budget to do so, I think is the answer.

Alderman Greazzo asked why aren't you doing these things then as volunteers working with the Manchester Chamber of Commerce and other private organizations in the city to do these things? Why is it the City's responsibility?

Mr. Kershaw replied we expend significant efforts attempting to do the best we can.

Mr. Sirak stated let me take a shot at that. Again, as a past chair of MDC, we're a group of volunteers who are appointed by the mayor. We serve in that capacity to

give advice and counsel really to a director of economic development, a professional in the area. The system is designed to have one full-time professional person who is very knowledgeable, such as Jay Minkarah, John Hoben, Jay Taylor, and those individuals. A group of volunteers, although well-meaning and very knowledgeable, can't really roll up their sleeves every morning and make these things happen. So it is a combination. We can respond to, we can give advice and counsel, but that is their role as volunteer, appointed members, similar to you. You would need the expertise and that point person such as a Jay Minkarah. I was very, very disappointed when he left. I think that represented a real loss to the community. We need another person to fill that capacity again to be that quarterback who gets up every morning and goes to bed every night thinking about economic development and to drive it.

Alderman Greazzo asked as a group of volunteers you do make loans? Where do you get the money?

Mr. Kershaw replied we have a balance sheet that we make loans from that has come from years ago. I'll actually turn that over to Sean. He knows the history of that.

Mr. Owen stated the primary source of the monies is related to the airport project that took place, as well as something with the UNH of Manchester moving to Manchester. So that was our initial funding, but we've continued to make loans that we obviously generate revenue from. That is our source. We don't make a substantial amount of revenue because, as we mentioned, we're really a gap-funder. Certainly in the last couple of years it's been a little bit more difficult to find good projects to invest in, but as part of our mission, 50% of the dollars that

we do make every year go back to the City. So we are giving monies back, and oftentimes we actually elect to do more than that.

Alderman Greazzo asked would there be an incentive to have an individual paid on the basis of what they bring into the city, which is what this position is basically proposed to do? I like Alderman Long's private/public partnership, but if there is really no urgency for the individual to make any return, the City is just paying for somebody to be a figurehead of a department that doesn't necessarily get any results. I would think that the MDC, the Chamber of Commerce and other interested business entities in the city would look to bring in better businesses, better jobs, grow the base, and the MDC could actually benefit from that as well.

Mr. Owen responded I don't believe anybody would take the position based on commission, if you will, for economic development, and I think it would be very difficult to define what they're actually responsible for at times. So I think that would be a disservice to the City, and I think that would be very challenging.

Alderman Shea stated thank you very much for your presentation. It stimulates thoughts and ideas, and the thoughts and ideas that I came away with are kind of two. The first is the importance of marketing and how we handle it and how we get our hands on that actual entity. That is the major situation that I considered to be one of the major points that I've gotten from this. The second is, how do we provide developers and owners with a resource in order for them to become part of our community. We can discuss all of these things, but the focus has to be on how do we market property, what do we use in those particular methods. And the second has to do with providing developers who would want to come in. Certainly the ideas expressed by fellow aldermen were profound and you people

who worked behind the scenes certainly deserve our gratitude as well. Thank you very much.

Chairman Arnold stated I want to make sure the mayor has an opportunity to be heard on it, and also if we can just have a couple of minutes at the end for the Chamber of Commerce.

Mayor Gatsas stated I will defer to the Chamber.

Chairman Arnold stated thank you very much, gentlemen.

Ms. Robin Comstock, Manchester Chamber of Commerce, stated thank you Mr. Chairman, and thank you for having me here tonight. I think anything that needs to be said about this department from the Chamber of Commerce perspective was said earlier by a group of three remarkable people. As someone on the panel shared with you, our board met this morning so we didn't have a chance to vet through the details that were presented to you tonight. In all fairness to them, it seemed inappropriate to express agreement with that on their behalf before they've had a chance to see it. However, we've had numerous conversations throughout the course of the last month and two board meetings dedicated to this subject matter. I did work cooperatively with MDC and Amoskeg Industries and Sean as well over the course of the last month conducting these surveys, having discussions, meeting with developers, having some conversations with like-minded communities, although we didn't get to the large ones that Alderman O'Neil was suggesting. And where we are today, again, and to affirm many conversations after the board meeting this morning as well, this high level presentation that essentially says from a more high level prospective that we need an independent economic development department to represent the business and

economic development needs and interests of this community and the Chamber of Commerce board of directors feels quite strongly about that. As you have a chance to vet through the details that were presented to you tonight, I will continue to work cooperatively with the panel that was before you and I'm very anxious to get back to you with my board's opinion. My board has a very strong, clear conviction, and for the 12 years that I've been with this Chamber of Commerce, very much consistently, regardless of who the individual board members are, the board as a body has consistently, throughout my tenure and the tenure that preceded me, believes that this City needs an independent Economic Development Department.

Chairman Arnold stated thank you very much, and thank you for the correspondence.

Mayor Gatsas stated members of the joint committee, thank you for the opportunity to have discussions about some of the things we have found, and certainly I want to thank the Manchester Economic Development Office for the discussions that they brought forward because I know that as we move through this process with the many discussions that we have, we will become a stronger City and a better City to make sure that development is here and we can move it through the process. I think that's what everybody's concern is, to make sure that economic development is alive and well in the city of Manchester and that we talk to developers at every opportunity that we have, and talk about ideas of how we change because change is difficult and it is scary. But I can tell you that sometimes change for the better makes more sense in a community than staying status quo. We have, over the last few days, my staff has had the opportunity to talk to Concord, Nashua and Rochester, and I know that those communities are smaller than the city of Manchester but their fundamentals are the same. How do

we get development, where we do stand in the process at the state level, what projects do we need to take a look at, what other forms of development can be looked at that's, as we call it, outside the box, and how do we partner with the Manchester Development Corporation and Amoskeg Industries and the Chamber because Alderman Corriveau is right, government never does a great job of cheerleading in a community. But I think that when you look at some of the opportunities that are before you in the other communities that we talked about and how do they bring it forward, I think we're all in the same place. In some communities the Chamber steps to the plate with funds to market the community. In some other communities they have a revolving loan fund that charges 6% and that interest is used to pay for a portion of the salary of the economic development officer. So there are a variety of different things that we can do. But I think most importantly we must find, and stress in the discussions that we have going forward, communication because communication is what developers want to hear and what they have for a timeline because time is money to a developer. The days of we're thinking that somebody goes out and brings a development to the city of Manchester, with the day and age of computers of today, it is much different, much, much different today. Usually a company takes a look and says I think I'd like to see if there's anything that's available in New Hampshire and they turn on their computer, they punch in New Hampshire, they look at the tax climate, they look at the things their company needs and then they make decisions. After that, whatever community they select is the order taker and how well they sell it or who gets to the table first and the ideas they give this company to move it forward. I think just today Alderman Long told Chris Wellington of a company that he knew about that was looking to come to the city and those discussions have come. I'm not sure if they called them since we met this morning, but certainly I think that the ideas that both GMDC brought forward are ideas that we have to incorporate. But again, it's got to be somebody or a form that we have before us that is much

different than the form we have today because take a look at the three communities that are before you. They had the forms that we had and they changed them. They changed them because it made sense to go to a different form, it made sense that when we talk about doing CDBG funds and moving that to MEDO, it's a lot different in our community because we receive funds directly, and as a board we make the selection of where those funds are going to be disbursed. And I don't think that that is a form of economic development that we should have somebody looking at, but those are opinions. In other communities it is done much differently. We use the CDBG funding to help our non-profits move forward. It's not done that way in other communities. So I'm here to work with both of these committees and every other alderman who's not before us to see what changes make the most sense for the city of Manchester as we move to a different era. An era that we had when the mills were closed and we had to find economic development down different roads was substantially different than where we are today. Certainly the times of economic development when the mills were closed is much different than today, and developers look for different things than they did then. With that I'll open it up to questions, and again, a very important document that nobody ever wants to talk about and that's the City master plan. We had an awful lot of people work on this master plan for an awful long time, and when you go through it and you look at it, it's probably the best economic development tool we have in this community.

Chairman Arnold stated Mr. Mayor, thank you very much. I appreciate the comments you just made, and I appreciate the information and research that your office has done about how other communities do it. One question if I may; in the information that you provided to us you give basically job descriptions and detailed the functions of these positions in other communities. Did your office

inquire as to the cost, like the salary and any other associated costs in these communities?

Mayor Gatsas replied those are all coming. You will have additional communications from Nashua and also from Concord. We will put together a matrix of pay because there are different positions and how they work. Again, every one of them is different and it is interesting to take a look at them, and they all seem to be pretty successful but it's not under the dome as we recognize it today in the city. We will get you all of that information.

Chairman Arnold stated we look forward to that. Thank you very much, Mr. Mayor.

Alderman Corriveau stated Your Honor, I'd just like to get your reaction to and the thought on the MDC and Amoskeg report in terms of the possible structure of a stand-alone department. They've obviously undertaken the position that you can have a department head and two subordinates with very different job responsibilities, and it sounds as though they're saying we can do it under the current budgetary restrictions we're looking at. You know the budget restrictions much better than we do at this point obviously and we'll see your budget when it comes out. Do you think that's feasible, assuming we have a stand-alone MEDO with its current budget, that we could have three people working, whether it's under those current functions or others we may decide upon? Do you think that is feasible given the budget restrictions?

Mayor Gatsas responded I'll take you back to my original comment that change is difficult. The plan that you have before you that structures it with three people is not a change; it is structured the same way. I always look at government having

much more restrictions than what the private sector has. I think the private sector would work much differently, and I think that some of the things that they have incorporated in these discussions are wonderful for the private sector and they can do those things. In the public sector it is not that easy. So when somebody says to me what do I see for a structure, I'm showing you three communities that have a much different structure, and I say let's take a look and see what we all can collectively say is the right structure for the city of Manchester.

Alderman Corriveau responded and that's fine. I'm not looking to engage on structures right now, but essentially under the budget umbrella that whatever this department is going to look like is going to have to operate under for the next year or years going forward.

Mayor Gatsas stated that's not necessarily true because the three communities that you have before you aren't structured with a single department. That is not the way they are structured. Nashua has the economic developer in the mayor's office. Concord has a similar situation that Alderman O'Neil was talking about. Rochester is much different. So to sit here and say here is the box, let's play within the box, I don't think is the best opportunity for the city of Manchester.

Alderman Corriveau stated I'm not necessarily saying here is the box, but I'm saying there are economic realities we have to operate under and whatever the box is...

Mayor Gatsas interjected sure. Do I think we're going to spend \$500,000 in that department? Absolutely not, unless the private sector, the Chamber and GMDC and anybody else wants to come in, contributes another \$250,000. Then we're going to have to live within our means. I don't disagree with you. Do I have the

intent of eliminating economic development? No, I don't. That's not the discussion that I'm looking to bring forward. If it was, then I wouldn't have the discussion and just zero out the line and let the aldermen worry about how they were going to rebuild it. That is not my intent; my intent is to find out what is the best economic feasibility for the city of Manchester. How do we do it? I don't care what the titles are; we need to get people that are in place that are helping developers, that are understanding how they do Brownfields. Do I think that we should be collecting revolving loan notes? No, I don't think we should be. Do I think we should be collecting leases for antenna rents? I don't think that's part of economic development; I truly don't. But that's what we've looked at in the past. So let's break up that box, let's send those pieces to where they should be going, and let those people do what we want them to do and that's develop the city of Manchester. I don't know if I answered your question.

Alderman Corriveau stated thank you, Your Honor.

Chairman Arnold asked are there further comments or questions? Thank you very much, Mr. Mayor. It is my understanding that all of these materials were information only so I don't believe any action is required.

There being no further business, on motion of Alderman O'Neil, duly seconded by Alderman Shea, it was voted to adjourn.

A True Record. Attest.



Clerk of Committee