

**Office of the
Town Administrator**

MEMORANDUM

To: Members of the Town Council

From: Russell R. Marcoux
Town Administrator

Date: October 19, 2006

SUBJ: FUNDING FOR ECONOMIC DEVELOPMENT INITIATIVE

From all of our budget deliberations and discussions with members of the Town Council, as well as one of the major goals that was set out for me when I arrived here and has remained at the front of our radar screen for as long, **WE NEED A SERIOUS FOCUS ON ECONOMIC DEVELOPMENT**, not just the buzzword, but a serious focus on the following:

- Overall strategic plan for how to achieve increased economic development
- An overall marketing plan for the town on how to achieve it
- A commitment to move us in that direction
- A commitment to commit what is needed to achieve that goal
- A greater presence and involvement of our business community
- A plan on how to get the business community engaged
- A strategic, doable goal for changing our current residential/commercial-retail-industrial base from the current 87% - 13% to some achievable percentage of growth for the next 5 to 10 years.
- A look at areas of town that are prime for industrial growth, and how to achieve success in those areas. Considerations should include: Infrastructure, transportation, water and sewer and, most importantly, a commitment to do what we need to do as a community to achieve those developments.
- A commitment to assist with redevelopment of our Downtown businesses
- A commitment to assist with redevelopment of some current housing and commercial stock in cooperation with the Housing & Redevelopment Authority.

- Completion of the GMO and a review of Zoning & Planning Ordinances
- A review and introduction of an Impact Fee Ordinance.
- A commitment to work with contiguous and regional communities to achieve some regional success where everyone benefits.
- A continued commitment to see the completion of Exit 4-A which includes a funding review which has now exceeded the initial \$10m from years ago.

All these and more are a tall order. An order much too tall for the Town Administrator to accomplish without qualified capable assistance in the area of economic development and the direction and assistance of the Town Council. It is clear that we do not have this expertise in house currently, but have the funding and the mechanism in place to move in that direction this fiscal year.

With the approval of the FY 2007 Budget, funds were made available in the Planning Budget for \$60,000 [earmarked for DEDC funding at that time], and another \$50,000 in the Administration Budget for Economic Development initiatives. In the past two years, that number was \$250,000 and \$50,000 respectively – all of which was redirected to the Exit 4-A E.I.S. project.

With the events that followed the Budget approval in May of this year, the Administrator was charged with looking at alternatives to fill the role of Economic Development and to present a recommendation to the Council. The Administrator asked the Council prior to that charge, if he was being given the latitude of looking at all alternatives, with an eye toward support of the recommendation, as this is an area that he was familiar with and had some clear direction of what needed to be done. That assurance was there, as it usually is from this Council that has been and continues to be supportive of the Administrator's responsibilities. The Administrator should be free of any political consequence of any potential decision from any side in order for us as "as a Town" to succeed, as that is our goal as a community.

Having said all of that, we set out to investigate all alternatives that were basically on the table for review: Possibly hire an Economic Development Director on the Town staff as an employee of the town; investigate the possibility of hiring another consulting firm to provide the services needed within the funding that was available, look at the continued joint effort with the Derry Economic Development Corporation, or lastly, any combination thereof.

FIRST ALTERNATIVE: Hire an on staff, employee Director.

At first blush, this appears to be the best alternative for a whole host of reasons: as an employee of the town directly responsible to the Administrator, clearly the direction of the individual would come from the Administrator and Council, in-house ability to work directly with the Planning, Code Enforcement and Public Works Staff, as well as be a member of the Technical Review Committee (TRC) as well as the Management Staff Committee.

If you consider the \$60,000 allocated in the Planning Department Budget and the \$50,000 allocated in the Administration budget, that is \$110,000 that could be used to fund the salary and benefits [[assume a salary of approximately \$67,000 & benefits that comes to a total of about \$94,000]]. Add to that space in the building (that is available), furniture, computer, files, staff support, advertising, marketing and other incidental costs - \$14,000 would be available for those costs this year.

The first year of such an employee would no doubt be a learning curve, unless it was a hire that was thoroughly familiar with Derry, its needs, and short and long term goals. We also need to remember that we have a relatively short window of opportunity to get our “act in place” or have opportunity pass us by.

A look at other departments in other communities that are in the same size and situation that we are in reveals that the staffs are greater than one person, a person with experience leading the charge, and in some cases, have the assistance of an outside consultant, and active local chamber or economic development group.

SECOND ALTERNATIVE: Hire an outside consultant to accomplish the task.

I will be very honest, I did not spend a lot of time reviewing this alternative, as the cost of consultants is very high, and when you consider all the add on fees that are associated with hiring a consultant, plus the fact that they are not solely committed to your community, this just did not seem to make sense. We need someone or some organization 100% committed to Derry and its initiatives. We could have taken the time to do an RFP, but being familiar enough with this process and with my informational contacts in other communities, this appeared to be a waste of effort unless the Council wanted to either move in this direction or possibly put out an RFP. Communities around us either have their own Economic Development Director and Staff or a combination along with the Chamber or some form of economic development advisory group. To save a lot of time and energy, other than making a few calls to other communities, I dismissed this as an alternative based on my professional experience. If the Council so desires, one agency for example, the Southern NH Regional Planning Commission does do such work. However, it is more for smaller communities on a consulting basis, and would not be readily available on a daily basis unless under a specific contract to do so. That would be somewhat unlikely, but possibly worth exploring.

THIRD ALTERNATIVE: Secure an Agreement with the DEDC for the task.

As I began investigating this alternative, I had to put aside all the controversy and political discussions that had taken place over this agency’s relationship with the Town, and look at what services could be provided for the town in a joint partnership. That began with a very candid and frank meeting with the Executive Officers of the DEDC which took place at the outset. A result of that meeting was the first initial draft of a possible working agreement between the Town and the DEDC. As a result of that meeting, we requested that they also

meet with the Town Council members to answer their questions that have been outstanding for some time, and that if it were beneficial to the meeting that I would attend as well. I do believe there was an initial meeting attended by some Council members, and a second meeting at which I was invited. In attendance at that meeting were the three newest members of the Council: Councilors Coyle, Dowling and Fairbanks. At that meeting the finances of the corporation as well as the LLC were discussed with members of the DEDC's Executive Board and Director. Either subsequent to or just prior to that meeting, a final draft of a proposal was presented to me along with a Scope of Services that would be performed, should we choose this route. (a copy of that proposal is attached). *[Please remember: this was a proposal for scope of services that I requested in our discussions, not a proposal generated by them without discussion].* Following that meeting, a final meeting was held with the DEDC's Executive Board, myself and our Council Chair, to once again discuss this alternative, along with their feelings about why this proposal makes sense. This meeting also resulted in some fairly candid conversation.

If this alternative were selected, there would be no need for the Town to hire an internal person for economic development, and thus not incur any employee benefit costs. In the "Contract" section of the Proposal, the cost would be \$30,000 on an annual basis, renegotiated each year, and may be terminated.

A FOURTH ALTERNATIVE: Combination of the above.

Another alternative would be for the town to hire an Economic Development Coordinator who would oversee the economic development programming of the town, report to the Town Administrator, and work with the Planning Director. The Planning Director would be relieved of the day-to-day economic development responsibilities, and thus focus more attention to the Planning component of our government. This Coordinator would be on a par position with the Planning Director, and they would work hand in hand, while specializing in their respective fields. Most of the communities in our area have this type of organizational structure. In my opinion, if we consider this alternative, we would be remiss not to utilize the expertise and experience of the Derry Economic Development Corporation in some vital way in order to achieve a more vibrant economic development base in Derry. Again, in my opinion, if we were to totally remove the DEDC from the formula, we would not be doing justice to our overall mission. That could be accomplished jointly by developing a proposal with clear expectations of what the DEDC's role is in our overall economic development picture; identifying milestones, expectations, with a formula mutually agreed to for payment of services. One suggestion mentioned to me was possibly some form of percentage "lets call it commission" for businesses that they are able to bring into Derry.

FIFTH ALTERNATIVE: do nothing

I don't believe that is anyone's alternative, certainly not that I have heard. For if we do nothing, the percentage of residential property (currently at 83-87%) will remain stagnant if not grow, as a result of providing no incentive or reason for businesses to locate in Derry.

With all that being said, I am aware that the Chair's July 11, 2006 direction to the Administrator was to come up with a clear direction for the town to follow. However, as you have heard me state, as late as our last Council meeting, after speaking with all seven council members, attending three various meetings with members of the Derry Economic Development Board, members of the business community, other peer Town/City Managers/Administrators, and other professionals in the Planning/Economic Development field as well as Derry citizens who have weighed in on this decision in one way or another, to say nothing of the press taking positions on what we should or should not do, even as late as this week, and [as this is being finally edited on Friday, Oct. 20] even today's Derry News Editorial Page has another opinion, this is a decision that should be discussed by the entire Council and the Administrator with **one clear mission or goal: What is in the best interest of Derry's future?**

That is not an easy task given all the various positions and comments that have been made. We cannot correct the ills or missteps of the past on anyone's part, but we can certainly work together to do what is best overall for Derry and its citizens. As I mentioned after suggesting the "Work Session", and I have not waived from that position: The "work session" is just that – an opportunity for the Council members and Administrator to discuss the alternatives, discuss other possible alternatives, and develop a direction that can move us forward.

At that same July 11, 2006 meeting, after the Chair directed the Administrator to bring forth a proposal, a motion was made, seconded and passed to then agendaize the subject (recommendation) and have a public hearing on the subject. Now one could say that when the Council [through its work in a Work Session environment comes to a conclusion about direction], that it then agendaizes the recommendation to be approved at a Council Meeting and this would include public testimony.

I suggest that, considering the volatility of this subject, that that recommendation may be the more prudent route for a couple of reasons. It would give the Council ample opportunity to discuss among themselves, while in public, the alternatives presented and possibly bring forth other alternatives, without the involvement or participation of any outside parties. Once they reach what could be considered a tentative conclusion, they could also schedule another meeting at which other parties could be invited in for information purposes. Then, once the Council reaches what could be considered a tentative recommendation, it then gets put on a formal Council agenda for approval, while taking public testimony on the recommendation prior to taking a vote.

I appreciate the additional time to look at alternatives, and speak with the many parties that I have. More importantly I appreciate the support of conducting a Council Work Session in order to arrive at a direction for the town to accomplish good, sound economic development. With all the whirlwind of this subject from

many directions, I expect that a single recommendation to move forward from the Administrator would only potentially create additional controversy over a subject that has received plenty already. We must not lose sight of our goal or focus, as that is our mission as caretakers of the town's business. We should do the right thing for the right reasons, and involve as much discussion as we can in order to arrive at that conclusion. The subject of this discussion is NOT about a single organization or a single person, but what is in the best interest of the Town.

We are capable of having that discussion if we focus on the goal. I will be happy to discuss these alternatives with you on October 23rd. I am sure that you have gathered that the fourth alternative presented makes the most sense to me, while at the same time working along with the Greater Derry Chamber of Commerce to strengthen their presence and involvement in our community. They also should play a very important role in our community's future and should be part of the solution – one of their missions could be to revitalize and strengthen our "downtown community" which is begging for guidance. However, having mentioned these alternatives and choices, I remain open to hearing any alternatives that you may want to discuss. The policy direction of the Town is the responsibility of the Council, and it is the responsibility of the Administrator to carry out that policy direction. It is far better for the community to have a clear consensus on the direction we want to take, without the emotion that could be generated attempting to get to that conclusion. Together, we have that capacity.

As I mentioned on October 17th, when given this task, I never envisioned so many varying opinions from so many various sources, and so much passion from some of the people with whom I spoke. I respect all those opinions, and hope that the discussion will be conducted in that same fashion. I look forward to that.