

Joint Meeting of April 19, 2016
Goffstown Board of Selectmen & Economic Development Council

EDSAT PRESENTATION

PRESENT: BOS Chairman Peter Georgantas, BOS Vice Chairman Mark Lemay, Selectman Allen Brown, Selectman Collis Adams, Selectman David Pierce (5:00 pm), EDC Chairman Stephen Langley, EDC Vice Chairman Charlie Tentas, EDC member Andy Cadorette, EDC member Cheryl Anderson, Planning Board Chairman Barbara Griffin, Mike Lawler, Town Administrator Sue Desruisseaux, Asst. Town Administrator Derek Horne and Dr. Barry Bluestone.

4:05 pm CALL TO ORDER BY CHAIRMAN GEORGANTAS

Derek Horne explained that the report for the Economic Development Self Assessment Tool (EDSAT) and the presentation to be given by Dr. Bluestone was as a result of answer prepared by the Economic Development Council (EDC) and reviewed by the EDC and Board of Selectmen at the EDC's December 2015 meeting. He introduced Dr. Barry Bluestone, the Russell B. and Andrée B. Stearns Trustee Professor of Political Economy in the School of Public Policy and Urban Affairs and founding Director of the Dukakis Center for Urban and Regional Policy at Northeastern University.

Dr. Barry Bluestone introduced himself, provided his background as a labor economist and as a professor at colleges in Boston, and discussed his move to Northeastern University as the founding Director of the Dukakis Center for Urban and Regional Policy in 1999. His initial work focused on housing with the Archdiocese in the City of Boston and the Greater Boston Chamber of Commerce. A few years later he began working with a group of business leaders in the National Association of Industrial and Office Properties, now referred to simply as NAIOP. A significant number of that organization's members are location specialists that help firms make a choice of where to locate. Dr. Bluestone began holding focus groups asking questions about how decisions about locating a business were made. They decided to survey the NAIOP organization nationally and members of the organization CoreNet, a trade group representing in-house real estate professionals. Based on the focus groups the survey asked 230 questions that go into considering where to locate a business and to rank the importance of each consideration.

From the results of that surveying they developed the EDSAT, a questionnaire consisting of 220 questions that measure factors that lead to economic development. The EDSAT has been used by communities trying to understand how they can improve local economic development while dealing with issues like decreases in state funding and an aging population in New England. The presentation Dr. Bluestone was providing today was based on the answers provided by the Town. These answers were submitted electronically and stored in a secure sever at Northeastern. They were then measured against the rank of importance provided by site selectors and answers provided by the other 110 communities that have completed the EDSAT; Goffstown is the 111th community to use this. The resulting report is based on the findings, with a narrative prepared by Northeastern staff.

Dr. Barry Bluestone provided a PowerPoint presentation. He began with background information detailing total employment in New Hampshire and Goffstown, as well as employment in leading industries. The location specialists and surveyed communities have led

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to the conclusion that economic development is a collaborative effort between government and businesses that requires leadership. When it comes to locating a business in a specific region, location specialists compare municipalities to decide where to locate; rather than states. Incentives available from individual states are not as important as the local environment, primarily because those businesses are going to have to operate in the local community. What goes on with Selectmen, local zoning, what goes on in the schools is important. This becomes more and more important as there is less federal and state aid. EDSAT is so important because each community is competing for economic development and it can help a municipality decide the best way to attract businesses to the community.

Location specialists look at many issues when deciding on a community. At first they look at the deal breakers that would prevent locating a business there. They test to see what is broken. Communities that win in economic development are those that assess their deal breakers and take action to turn those into deal makers. "Time to Market" is important and anything that slows businesses down works against economic development. Impressions are very important. Paying too little attention to site deficiencies can be a problem. Slow municipal processes can be an unattractive trait. Dr. Bluestone also discussed reliance on tax breaks. Focus groups advised that tax breaks are rarely the deciding factor in locating a company and if a community relies on tax breaks too much it may be an indication that community is lacking in other areas. For most businesses, except small scale businesses, taxes are a cost of doing business.

Dr. Bluestone discussed the key EDSAT results for Goffstown. Goffstown's strengths included relatively low rents, flowing traffic, available information on the Town's website, physical attractiveness, extremely low crime rates, price of housing, and amount of vacant developable land. Goffstown's ability to draw on nearby educational institutions was also a resource for economic development.

Goffstown also identified some weaknesses in the answers provided. The EDSAT answers indicated water and sewer infrastructure lacked in some areas. Absence of highway access would make the Town less attractive to businesses with high reliance on transportation. The EDSAT answers indicated a longer approval process for sites plans relative to other communities, but this is something the Town could change. One potential way to affect change would be to have applicants present to multiple land use boards at the same meeting to help decrease applicant cost. Goffstown Economic Development Plan was last completed in 2006 and is not up to date. Goffstown does not have a process for contacting firms about the satisfaction with the town or contacting those firms that leave to understand what made the difference. Some communities provide fast track permitting and use cross marketing with existing businesses to promote the community. Goffstown could work more closely with real estate professionals to develop a portfolio of available sites.

In addition to the information collected from site specialists about the importance of different factors, Dr. Bluestone had done research into data collected in the EDSAT and compared it to job growth in Massachusetts communities between 2001-2013. Using this information he attempted to find a correlation between specific factors and job growth. Do any of the factors studied in the EDSAT correlate with job growth? The most powerful factor was availability of developments sites followed by site amenities. Economic development marketing, timeliness of

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approvals, parking and school success were also factors that correlated to job growth. One factor that was negatively correlated to job growth that surprised Dr. Bluestone was a high tax rate. He asked location specialists about this and they responded that high tax rates don't bother location specialists as much because that is normally an indicator of good infrastructure. Dr. Bluestone looked at increase of establishments in Massachusetts and found economic development marketing and timeliness of approvals to be important factors. Looking at Goffstown's strengths and weaknesses against this information, Dr. Bluestone advised that economic development marketing, cross marketing, and improving timeliness of approvals were fixes that could improve economic development in Goffstown.

Vice Chairman Lemay asked about tax rates and whether the Town should rethink recent efforts to keep tax rates low. Dr. Bluestone answered that property taxes are an important consideration for an aging population on a fixed income. However, it should not be the only consideration because increasing the share of non-residential tax base could provide additional taxable property while maintaining a steady tax rate. A possible solution for specific infrastructure improvements could be Tax Increment Financing (TIF) Districts. He suggested it may be something worth exploring.

Planning Board Chairman Barbara Griffin asked about the comparison group Goffstown's answers measured against. Dr. Bluestone answered that the 110 other communities that have participated in the EDSAT are the comparison communities, primarily located in Massachusetts and New England. Barbara Griffin commented that taxes in states other than New Hampshire were very different than here and it seemed the comparison in the report on taxes may not be as relevant. Dr. Bluestone said that location specialists were comparing municipalities in different states with varying tax structures; therefore, they felt the comparison in the report was relevant. He commented that New Hampshire was unique in its tax structure.

Barbara Griffin asked who answered the EDSAT questions. Sue Desruisseaux clarified that EDC provided the initial answers and those were reviewed by EDC and the Board of Selectmen in December 2015.

Mike Lawler commented about the correlation statistics and asked whether they were updated annually. Dr. Bluestone indicated that they have not seen much change in the correlation of factors of what is important. Feedback from location specialists had not changed much.

Vice Chairman Lemay asked if there was an overall rating of communities that have participated, which there is not. Dr. Bluestone explained the tool is more important as a baseline for making improvements.

Dr. Bluestone asked if the results were surprising and if they matched prior impressions. Chairman Georgantas thought the results in the report were in line with what the Board of Selectmen and EDC have discussed in the past. Sue Desruisseaux thought tax rate was more important than the report made it seem. Charlie Tentas commented that many of the fixes are not expensive and the EDC's efforts to meet with realtors and develop a permitting handbook followed the advice in the report. Also, many of the Massachusetts communities highlighted in the presentation were communities with mills – which indicates Goffstown can improve as well.

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Mike Lawler commented that property taxes are a small percentage of the total cost per employee for doing business. He asked whether businesses and location specialists feel this way as well. Dr. Bluestone said yes. For most businesses property taxes are part of the total expense of doing business. Those businesses that use a large amount of square footage with few employees are more concerned with property taxes, but for most they balance that with labor costs, energy costs, and health benefits.

Selectman Georgantas thanked Dr. Bluestone for the work and presentation.

5:34 pm The Board of Selectmen adjourned their portion of the meeting.

Respectfully submitted,
Derek M. Horne
Town Administrator

Subject to approval by the Board of Selectmen.