



CITY OF CONCORD

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City Manager's Office

*City Hall • 41 Green Street • Concord, NH 03301 • (603) 225-8570
citymanager@concordnh.gov*

Thomas J. Aspell, Jr.
City Manager

REPORT TO MAYOR AND CITY COUNCIL

To: Mayor and City Council
From: Thomas J. Aspell, Jr. City Manager
Date: January 4, 2021
Subject: Economic Development Reorganization

Recommendation

- 1) Accept this report; and,
- 2) Set the attached resolution creating a Local Government Management Fellow position and appropriating \$20,000 from the Economic Development Reserve to fund this position for the remainder of FY 2021.

Background

The primary goals of a municipally based economic development program are as follows:

- Tax base expansion and growth of municipal revenues;
- Business recruitment and retention;
- Retention and expansion of employment opportunities;
- Removal of slum and blight.

In Concord, these goals have evolved in recent years to include expansion of the local housing supply, as well as community vitality through the expansion of arts, cultural, recreational, and leisure opportunities within the community.

Unlike municipalities near larger metropolitan cities, which typically benefit from a more passive economic development strategy due to their close proximity to significant employment and populational centers, history has demonstrated that a more concerted and active role is required in Concord in order to achieve the community's economic development goals.

The City has long realized this circumstance and has a distinguished track record of successful project-centered economic development programs and initiatives which spans more than forty years. Notable examples include, but are not limited to, the following:

- 1) Downtown Concord and Opportunity Corridor:
 - a. Former City Police Station Redevelopment Project, which included the development of Bicentennial Square (1977-1980).
 - b. Fire House Block Apartments, and associated 238 space State Street Municipal Parking (1980).
 - c. Eagle Hotel Redevelopment Project, which included development of Eagle Square (1981).
 - d. Durgin Block Redevelopment Project (Capital Plaza) and associated 467 spaces School Street Municipal Parking Garage (1983-1985).
 - e. Corporate Park at Horseshoe Pond (1997 – Present); including, but not limited to, the Northeast Delta Dental Corporate Headquarters, Grappone Conference Center, Page Belting Mill Redevelopment, and associated office buildings located on Commercial Street, Constitution Avenue, and Delta Drive.
 - f. Former Blue Cross / Blue Shield Redevelopment Project (2 Pillsbury Street) (2006).
 - g. Sears Block Redevelopment Project (Capital Commons / Hotel Concord) and associated 516 space Municipal Parking Garage (2007).
 - h. Endicott Hotel Redevelopment Project (2013).
 - i. Sanel Block Redevelopment Project (Smile Building and Mennino Place) (2011).
 - j. Bindery Redevelopment Project (Love Your Neighbor Building) (2013).
 - k. Remi Block Redevelopment Project (former Vegas Block) (2017).
 - l. Granite Center Redevelopment Project (2018), which involved redevelopment of 6 Dixon Avenue, 8-14 Dixon Avenue, and 100 North Main Street (the Eagle Hotel).
 - m. South Pleasant Street L.L.C. Redevelopment Project (Elm Grove Companies), which involved the redevelopment of 15 Pleasant Street, 19 Pleasant Street, 26 Pleasant Street, as well as 5-7 South State Street (2017-2019).
 - n. Bank of NH Stage (2019).

- 2) Penacook Village
 - a. Former Allied Leather Redevelopment Project (33-35 Canal Street and 4 Crescent Street) (2002-Present); including the development of a 15,000SF medical office building at 4 Crescent Street (2011) and 54-unit multifamily residential development at 33-35 Canal Street (Phase I completed in 2019; Phase II anticipated construction in 2022).
 - b. Former Hoit Electric Property Redevelopment (Alan Johns apartments) located on Washington Street (2009).
 - c. Village Street “Water Tower Lot” Redevelopment (2020-2021)

- 3) The Heights
 - a. Airport Office Park (1960s – Present): Included the construction of Chenell and Regional Drives and development of associated office and industrial properties,

Regional Drive Extension (2005), Army Air National Guard Facility (City land lease), as well as Henniker and Antrim Drives (2006/2007)

- b. Steeplegate Mall (1990)
 - c. Loudon Road / D'Amante Drive / Triangle Park Drive commercial corridors (1990 – Present); new development totaling more than 500,000SF (and counting) spurred by the City's investment in the Steeplegate Mall and associated water / sewer investment districts east of the mall property.
- 4) Others:
- a. Scandia Hall Redevelopment Project (14 Knight Street) (2011).
 - b. East Concord Community Center divestment (sold in 2020).

In addition to these accomplishments, the City has a variety of other ongoing economic development and special projects, including, but not limited to, the following:

- Former NH Employment Security Property (32 South Main Street).
- Exit 17 / Whitney Road Public-Private Partnership Project.
- Former NHDOT Garages at 11 Stickney Avenue.
- Storrs Street Extension North.
- Merrimack River Greenway Trail and associated property acquisitions.
- Others Opportunities

The City's historic accomplishments, as well as current projects and initiatives described above, have re-affirmed that Concord, in terms of economic development, continues to be project-oriented, and will likely be for the foreseeable future.

In recognition of this trend, coupled with the City Council's current list of City Priorities (many of which also tend to be project based), City Administration began exploring options on how to improve the City's capacity to undertake economic development projects and City Council priorities during FY 2021 budget process. However, no recommendations were brought forward at that time due to economic uncertainty associated with the Covid-19 Pandemic and other considerations.

Discussion

- 1) Overview of Current Economic Development Program: The City currently uses a team approach to carry out the community's economic development policies, programs, projects, and initiatives.

Specifically, economic development activities within the City are primarily shared between the following positions:

- a. The City Manager: Responsible for managing all staff which executes and the City's economic development policies, programs, projects, and initiatives. The Manager also serves as the staff liaison to the Greater Concord Chamber of Commerce Board of Directors.

- b. Deputy City Manager – Development: This position is responsible for management of the Community Development Department, which includes the Economic Development Director. The position is currently staffed by Carlos Baía.

Economic development duties specifically include:

- i. Management of the Concord Municipal Airport, including administration of lease agreements, preparation of the capital improvement program and operating budget, administration of lease agreements and the fixed-based operator contract with Concord Aviation Services, coordination and oversight of maintenance and capital projects implemented by the Community Development Department Engineering Division and General Services Public Properties Division;
- ii. Coordinating the City's development permitting process within the Community Development Department and other city departments as required,
- iii. Coordinating economic development initiatives with other State and Federal agencies, as well as local nongovernmental organizations;
- iv. Serving as the staff liaison to the Capital Regional Development Council Board of Directors.

- c. Director of Redevelopment, Downtown Services, and Special Projects: This position is based in the City Manager's Office and is responsible for all facets of project-centered economic development. It is currently staff by Matt Walsh.

Responsibilities specifically include:

- i. Economic Development Real Estate Projects and Public / Private Partnerships: Leading all City owned real estate economic development projects, including: acquisition of properties, environmental cleanup and demolition, securing State / Federal Grants to facilitate such projects, crafting conceptual redevelopment plans for said properties, as marketing City owned sites to potential buyers, as well as negotiation of Development Agreements with real estate developers concerning the sale of such properties and public improvements related thereto to support development efforts. Historically, the position has also been responsible for all aspects of contract administration associated with architectural and engineering professionals, as well as general contractors, for City capital improvements associated with such projects.

Mr. Walsh has been directly responsible for spearheading the vast majority of major economic development public / private partnerships which have occurred in the City during the past 15 years.

- ii. Economic Development Programs: Managing / administering a variety of economic development tools and programs including: the City's three Tax Increment Finance Districts (including annual CIP, operating budgets, and pro formas), RSA 79-E Community Revitalization Tax Relief Incentive

Program, Community Development Block Grant Program and Revolving Loan Fund.

- iii. Special Projects: The position is also responsible for special projects. Historically these have ranged from completion of the Airport Master Plan (2006) and Opportunity Corridor Master Plan (2006) to full project management for special capital projects in various City departments, such as relocation of the Human Services and Prosecutors Office (2012), the City-wide Community Center at Keach Park (2018), the Merrimack Lodge (Skate House) at White Park, (2019), and others.
- iv. Parking System: The position is also responsible for administration of the City's Parking System, which involves the coordination of the Police Department's Parking Division, the General Services Public Properties Division and Downtown Services team, and City Engineering Division. The position is also directly responsible for preparing the Parking Fund's capital improvement program, operating budget (with associated pro forma), strategic planning, managing all parking capital improvement projects (including repair and reconstruction of parking garages), administering special lease agreements associated with economic development projects, and coordinating review of all parking-related policy requests from the community. This position also staffs the Parking Committee.
- v. City's Capital Improvement Program: Lastly, the position is also responsible for the coordination, review, and preparation of the Capital Improvement Program for all City departments as part of the City's annual budget process.

This position is very unique. Also, in similar communities, these responsibilities are typically managed by two or more full time staff positions.

In 2012, Mr. Walsh completed the core curriculum for the International Economic Development Council's (IEDC) economic development certification program.

- d. Economic Development Director: This position was previously known as the "Business Development Coordinator", which reduced to part-time status (24 hours per week) in 2008 and fully eliminated in 2009. The position was later reconstituted and reinstated by the City in FY 2018. The position is currently staffed by Suzi Pegg. Ms. Pegg serves on the International Economic Development Council's National Board of Directors.

The position manages the non-project-based side of the City's economic development efforts, including:

- i. Marketing;
- v. Business retention and recruitment;

- vi. Administration of the City’s Economic Development website and on-line “site selector” database; and,
 - vii. Serving as the staff liaison to a variety of local organizations, including Intown Concord and CATCH Neighborhood Housing’s Board of Directors.
- e. Public Information Officer: This position was created in FY 2019 and is currently staffed by Stefanie Breton. Economic Development related responsibilities include supporting the Economic Development Director’s marketing and communication efforts across all media platforms.
- 2) Proposed Reorganization: In recognition that the City’s economic development strategy will likely remain project-centered for the foreseeable future, coupled with the number of current and anticipated future economic development projects on the horizon, as well as existing staff skill sets and workloads, I am proposing a reorganization of City economic development resources to improve delivery of these critical services to the community.

Specifically, subject to City Council acceptance of this report and approval of the attached resolution, I intend to commence this process immediately. Some actions will be initiated in January - March 2021. Others components will be addressed in the spring as part of the FY 2022 budget adoption process.

Key components of the proposed reorganization are as follows.

- a. Implementation of “Economic Development Project Manager Fellowship”: The purpose of this position shall be to assist Mr. Walsh with his duties, with particular emphasis on administration of economic development and parking related capital projects. The position will also assist Mr. Baía with economic development initiatives as needed.

Specific job responsibilities shall be loosely based on the “Community Development Project Manager” position, which was the first position held by Mr. Walsh when he began with the City in 2001.

It is hoped that the individual hired for this position will grow with the organization overtime, similar to how Mr. Walsh’s career has evolved during his nineteen-year tenure with the City.

The position will also begin to create a certain level of redundancy for Mr. Walsh’s critical position, which is increasingly essential to ensure continuity of operations and to allow for even greater success.

Creation of this position will require approval of the attached appropriation resolution.

In recognition of the current labor market, the desire to streamline the recruitment process to on-board this position as soon as possible while simultaneously

controlling costs, I am proposing that the position be initially staffed by an International City/County Management Association (ICMA) Local Government Management Fellow (LGMF).

The ICMA, is the leading professional association of local government managers in the world. The organization has over 11,000 members across all 50 states and a variety of countries. Both the City Manager and the Deputy City Manager for Development are long-term members.

As part of its commitment to communities and the future of local government management, the association offers a Local Government Management Fellowship (LGMF) program that provides recent and soon-to-be Master in Public Administration (MPA) graduates with opportunities to serve as fellows in one to two-year commitments with municipalities around the country. These fellowships offer the individual the invaluable opportunity to work directly with senior management on a variety of projects and topics. These candidates, many times, are graduating from the leading MPA institutions in the country armed with the latest research and techniques to effectively work at a high level in today's local governments.

At the end of the one to two-year commitments, communities can discontinue the program, select another fellow, or offer permanent employment to the fellow.

To ensure that the Fellow/Host Community relationship is strongest, host cities are encouraged to establish a rigorous selection process. The Town of Lexington, MA, for example, requires its LGMF candidates to go through multiple interviews and prepare a presentation on a matter of importance to the town. If City Council approves the attached resolution, City Administration would look to establish a similar screening standard to increase the odds of selecting a good match.

It would be City Administration's hope that a quality candidate is found and develops into a strong contributor to the City with the goal of possibly hiring that individual to a permanent position by the end of year two of the fellowship.

Fellowship host communities are, in essence, competing for a limited pool of candidates. Candidates typically start applying in January through February and the best candidates are, many times, quickly placed in communities. To allow Concord to have a competitive advantage, City Administration is proposing that the Council approve the attached resolution which would create the LGMF within our organization and, secondly, allow the City to fund a fellow for the remaining months of the current fiscal year. Funding after July 1, 2021 would be included in the City Manager's proposed FY 22 budget.

Although not required, ICMA strongly encourages that the fellow be offered a competitive salary. Fellows are selecting the best offers for their careers and most will probably have to relocate for this position. In its due diligence, Administration found that in the New England area, based on the skills required

for this position and the educational background, this position would be offered an annual salary in the range of approximately \$60,000, plus benefits.

The Fellow would be housed within the City Manager's office in the City's organizational structure. In addition to reporting to the Manager, the individual would work closest with Mr. Walsh and Deputy City Manager Baía in their day to day activities.

- b. Elimination of the Economic Development Director: As the City Council will recall, the Economic Development Director's position was established as an effort to gauge if this initiative could provide sufficient returns in terms of tax base generation to warrant the position's funding. In fact, this concern was raised during City Council's review of the Community Development Department's FY 20 budget. In the now nearly four years since this position was created, the levels of tax base returns attributable to the position have, unfortunately, not supported the City's investment. This is despite Ms. Pegg's dedication and effort which have been strong throughout. Given that the City's economic development activities will remain project-centered for the foreseeable future, subject to City Council approval, I intend to eliminate the position of Economic Development Director as part of the FY 2022 budget adoption process. Specifically, the position would be eliminated effective July 1, 2021. I am recommending this course of action as I do not believe this position requires a full-time staff person.
- c. FY 2022 Budget Reorganization Plan: Lastly, over the next few months, I intend to develop a formal proposal to the City Council which shall be included in the City's Administration's recommended FY 2022 budget concerning additional elements of the reorganization plan. These elements shall include:
 - i. Maintenance and enhancement of the City's marketing program, including the economic development website;
 - ii. Maintenance of the City's business retention and recruitment initiatives;
 - iii. Other potential changes to staffing, administration, and departmental structures to reinforce the City's commitment to economic development activities.