

City of Keene
New Hampshire

AD-HOC COMPREHENSIVE ECONOMIC DEVELOPMENT
COMMITTEE MEETING MINUTES

Tuesday, January 15, 2019

1:00 PM

Conference Room 2nd Floor

Members Present:

Mitchell Greenwald, Chair
Timothy Murphy, SWRPC
Jack Dugan, MEDC
Joseph Walier, Walier Chevrolet
Jordan Benik, People's Linen
Keith Thibault, SCS
Elizabeth Dragon, City Manager
Dominic Perkins, Savings Bank of Walpole
Gary Lamoureux, Councilor
George Hansel, Councilor
Bill Hutwelker, Swanzey Selectman

Staff Present:

Med Kopczynski, Economic Development,
Initiatives, and Special Projects Director

Members Not Present:

George Foskett, BHG Masiello Real Estate
Phil Suter, Chamber of Commerce
Rebecca Hamilton, Machina Arts
Kendall Lane, Mayor
Melinda Treadwell, President Keene State
College
Chris McIntosh, Clark-Mortenson

Others:

Matthew Bachler

1. Call to Order- Roll Call

Chair Greenwald called the meeting to order at 1:02 PM and read the Committee Charge.

2. Introduction of Guest(s) and New Members

Chair Greenwald introduced Jack Wozmak, Airport Director as one of today's speakers.

3. Approval of Minutes- December 18, 2019

Councilor Hansel motioned to approve the minutes of December 18, 2018 as submitted. Mr. Walier seconded the motion which carried unanimously.

4. Specific Topic(s)-

a. Current and Future Airport Economic Efforts- Jack Wozmak, Airport Director

Jack Wozmak, Airport Director noted discussions over the past couple of months dealing with the possibility of Airport regaining Part 139 status (scheduled regular service). He referred to the 2012 survey used to evaluate this question and explained at the time the Consultants felt there was no support for this. Continuing Mr. Wozmak said a lot has changed since 2012. With the consolidation down to a major four the need to get people through the hubs from distant locations is what it takes to fill their planes. These companies are interested in getting more people to their planes is now more important than it was four or five years ago.

Mr. Wozmak shared information about Bill Thomcich who attended one of the Airport Committee meetings to share the work he had done developing air routes for Veil, Colorado. Mr. Wozmak explained the consolidation of all the ski areas in Veil noting they now own dozens of ski areas around the United States. Mr. Thomcich drew attention to an aerial view of our Airport and pointed out the similarities to Veil; five ski areas within driving distance. Mr. Wozmak reported a proposal has been submitted, but not acted upon as of yet. He continued there is still some analysis to be done on the proposal; contract details. He concluded the thrust is now whether or not to determine if now is a good time to court discussions with the airlines or affiliated packages that fill airlines today to see if we can draw their attention to Keene. Addressing the contract Mr. Wozmak said it is a multi-year process. We also have to do things internally and we are developing a list of things needed for us to be able to return to a Part 139 airport. Things recognizable to the Committee are fencing and security; fencing is already part of the Master Plan Mr. Wozmak put together. Mr. Wozmak said the airport looks better after having the bathrooms redone. He continued to discuss capital projects and data gathering for the analysis.

Continuing, Mr. Wozmak reported a new private hangar will be constructed in the spring next to the old Fire Station. This has already been through the necessary process in Swanzey and they are already paying rent to the City for lease of the land. Another hangar was sold earlier this year that has already gone through substantial renovations. The owner wants to sell it once the work is completed and build a new hangar. Mr. Wozmak reported he has had a couple of other people interested in building hangars.

Chair Greenwald asked if the new hangars were new people. Mr. Wozmak replied one is new and one is existing. Chair Greenwald asked how the new people were attracted here. Mr. Wozmak said the owner had planned to build elsewhere but after dealing with their bureaucracy changed his mind and came to Keene.

Mr. Walier asked if the City or Swanzey gets the revenue. Mr. Wozmak explained Swanzey gets taxes on the building and the City gets revenue from the land lease. Mr. Hutwelker said Swanzey enjoys a good working relationship with Mr. Wozmak. He added when people come to our Planning Board, through Mr. Wozmak, they are prepared.

Mr. Walier referred to the new hangars and asked how that affects the rest of the land; is there still room for further development such as an aviation school. Mr. Wozmak and Mr. Hutwelker both agreed there is nothing that could be done there that would not benefit both Swanzey and

Keene. Mr. Hutwelker commended the City Manager for her working relationship with Swanzey officials. Mr. Wozmak added we have identified developable properties on the airport that could be used for aviation/non-aviation type activities. Mr. Walier referred to a survey done many years ago by Emile Legere. Mr. Wozmak said his recollection is that Mr. Legere wanted to create a back road into the airport (Krif Road). Mr. Wozmak indicated if development continues in 10 to 15 years you may want a second way out of the airport.

Mr. Wozmak moved on noting the restaurant has cut back its hours by over 50% which has had a negative impact on us. Mr. Wozmak said he does have a plan he will not share today, should the restaurant not survive out there. Pointing out parking issues when the restaurant is full Mr. Wozmak noted plans for expanding the apron. He then explained Capital Plans and the state and federal funding appropriations.

Mr. Wozmak said the Monadnock Aviation School is doing very well; she has hired additional flight instructors, has an additional plane, and is renting more space from us.

Mr. Wozmak continued the place is full. He has also talked to C&S about a larger hangar because they need one, and he has a buyer for their current one. Mr. Wozmak said we have nice equipment out there noting snow removal equipment is essential. He made note of the \$560,000 snow blower purchased several years ago. Mr. Wozmak said the fuel farm is approaching 30 years old and will need replacement. We need insurance on the underground tanks and if we cannot get insurance we will be in a tough spot in terms of having a viable airport.

Councilor Hansel asked Mr. Wozmak if any work around benchmarking activities at the airport had been done that we could use in the future. Mr. Wozmak explained the FAA defines operations as the number of people that land/take off. He noted it is difficult to calculate because we have two runways and four approaches. Mr. Wozmak noted the FAA fixed formula used to estimate the number of operations. He said we estimate between 28,000 to 30,000 operations; depending on the technology used. Councilor Hansel said it would be great to make sure we are not backsliding, and recording the progress we are making. Mr. Wozmak continued we might look at it in terms of landing fees (jets) and we do plot that a bit. Ms. Dragon referred to statistics from foot traffic at the airport that was obtained from the restaurant. She noted we are going into a decline because of the reduced hours. Ms. Dragon suggested working with Monadnock Aviation to see if they could help with some benchmarking. She suggested talking about this at their next Committee meeting. Mr. Wozmak also pointed out that activity is seasonal.

Chair Greenwald asked if the restaurant was required to be open a specified number of hours. Mr. Wozmak replied in the negative adding perhaps in the future the contracts could have some specificity. He would also like to see some accountability (landing fees collected) from Monadnock Aviation in the future. Chair Greenwald commented he is intrigued by Mr. Tomcheck's proposal. Ms. Dragon reported the proposal was just received and the price tag is very high. She noted the Airport budget has been drained from the tree clearing so this will have to come through the Budget process; and this is just our initial conversation.

Mr. Walier asked about Mt. Snow's plans to expand their runway and if it affected us at all. Mr.

Wozmak commented he did not believe they went through with those plans due to expense and safety issues. He added we are already in the que as their alternate.

Mr. Thibault asked Mr. Wozmak what he sees as the benefit in having the Airport in Swanzey's economic Enterprise Zone (EZ). Ms. Dragon replied currently there is no benefit other than it is a marketing tool for us to use to attract businesses. It is basically a state incentive that allows for a break in taxes for someone who invests in property located within the zone. Councilor Hansel explained it has to do with the number of jobs you create; it is a pool of money at the state and is a competitive process.

As there were no further questions or comments Chair Greenwald thanked Mr. Wozmak for addressing the Committee.

b. Current and Future MEDC Economic Development Efforts- Jack Dugan, President

Jack Dugan, President of MEDC said we are a private, not for profit 501c3 operation and there are nine others like us throughout the state. We have been here since 1985 starting out as Keene Industrial Corporation, then Keene Economic Development and Revitalization Corporation, and about 15 years ago became Monadnock Economic Development Corporation. We make loans to small businesses to help them grow and we do real estate development/re-development to help small businesses grow. Currently we have about 70 million dollars in assets that we manage and we have a Board of Directors consisting of eight people.

Mr. Dugan addressed the question what are we doing now and what are we planning on doing.

Mr. Dugan said we are currently wrapping up the Benson Homes Unity Homes project on Production Avenue. We bought an empty 104,000 square foot building and recruited Benson Homes/Unity Homes to the building to expand their uniting line of homes. We also spent several million dollars on equipment and leased it all back to them. This was what is called a New Market tax credit, Community Block Grant project and bank loans. It took 9.5 million dollars went into a big pot for this project and we came in \$200,000 under budget. Although we were entitled to take this as a fee we went back to Benson and asked what we could do. They wanted solar arrays so we purchased them. Another piece of good news is Benson has exceeded the number of jobs they said they would create.

Mr. Dugan continued by saying the other big local project we are closing in on is Heberton Hall. We bought the Heberton Hall building and are renovating it and building the connector building to the Library. This is a 12-million dollar project and we will be leasing it back to City. The neat thing about this is that in six years from now the City ends up owning the Library; a 12-million dollar project for about 2 million dollars. He said these are the two significant real estate projects we are wrapping up.

As far as loans Mr. Dugan said we recently closed on a loan to a company in Keene called 603 Optx, Incorporated. This is a small start-up precision machining company on Krif Road. We also approved a loan to Machina Arts. They will be moving into where Tilly's was with a Machina restaurant and Art bar. The restaurant portion will be a farm to table and the other

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side will be events. A loan was also approved for Nuttin Ordinary, in Peterborough; they make vegan cheese out of cashews. They are almost open and their products are sold at the Food Co-op. Lastly Mr. Dugan said we also approved a loan to the Winchester Economic Development Council to develop a small business park. They just learned their EDA funded grant was approved and we will loan them the money to get to the grant closing.

Going forward Mr. Dugan said we are partnering with the City to hire a Downtown Coordinator. We are also hoping to partner with the County to hire an Economic Development person who can work more in the region.

As far as future loans Mr. Dugan said we hope this year to make a loan to Green Mountain Tap Handle, in Hinsdale for expansion. We will be doing a Block Grant to North East Products (NEP), in Peterborough. We also have a meeting next week to talk about a commercial kitchen in that area.

Addressing real estate Mr. Dugan said we own the Monadnock Food Co-op building. We were going to expand the Co-op building and lease it all back to them but, they would like to buy it and the lot next to us and build their own expansion. So we will continue to work with them to put the funding together. This would be another New Market Tax Credit project. In addition to the expansion of the Food Co-op and the 25 jobs it will create, it is finally going to build the forth curved wall at our amphitheater; which finishes off that outdoor performance space. We are also working with a private developer and property owner in trying to put together a combination New Market Tax Credit/Opportunity Fund Zone project that would include the development of incubator space. Ms. Dragon recommended speaking with Melinda Treadwell as Keene State College has some incubator funds coming in.

Mr. Dugan said another project we are in the very early stages of is the development of a corridor in downtown Keene (east-west from Gilbo Avenue across Main Street through the railroad land) to promote additional arts and culture. This would include the construction of two new buildings, the renovation/repurposing of two buildings, purchases of public art, and the creation of two performance venues. Mr. Dugan continued it is sort of a perfect storm for the funding sources that are available for the development of that corridor (New Market, 79-E, TIF, and we have tenants lined up for some of the buildings). This would be a 20 million dollar project. Most of this land is owned by either the City, the College, or MEDC. We would close a portion of Gilbo Avenue from St. James Street to Main Street, narrow what used to be Gilbo Avenue by putting a train on one side. The train we want to buy is the one used in Faulkner's train mural. The boxcars would be retail space and the passenger cars would be restaurant space. We have talked to many local groups about this project. One of them is Arts Alive and they would like to build a 15,000 square foot covered pavilion on land owned by the College; this could create a permanent home for the Farmers Market. The town of Ogunquit floods their pavilion in the winter for people to skate on.

Mr. Dugan said we do consulting outside the region only because they pay us very well; which allows us to do what we do here. To that end we are under contract with Manchester, Lebanon, and Laconia.

Mr. Kopczynski said he heard that Unity's factory will be on This Old House.

Mr. Bachler asked if the loans were generated by MEDC. Mr. Dugan said we source our own revolving loans from two different sources. One is Community Development Block grants; we get Block grants and we use them for two different purposes – equity in our own real estate development projects or a loan to a business. When the loan is repaid we take the interest and help to support our operations, but the principal stays in the region. The other source of our revolving loan funds is something we call intermediary relending program. We borrow money from the USDA at one percent for 30 years; usually in \$700,000 chunks. We have to put in \$125,000 from some other source then we make loans to small businesses.

Mr. Murphy commented at this table we often talk about our challenges and this part of the state maybe being the forgotten corner. Mr. Dugan's partnerships are an asset we have benefited from big time in this region and others in the state understand it, recognize it, and want to tap into it. He also referred to what Mr. Wozmak shared about the airport. Mr. Murphy said this meeting has a very positive tone and we all should take the hard hits and sing the praises of our successes too. As the discussion continued around involvement of all parties Mr. Wozmak raised the issue of Free Trade Zones noting only one business in the County has applied for it. He indicated someone is willing to come over and talk about it. Mr. Wozmak listed several local businesses he thought would benefit from this. He also made note you only pay the tariff on the finished product not the wasted material. He also reiterated this is subject to individual application. Mr. Wozmak suggested someone from the Trade Port come over and talk to the individual businesses as a group. Mr. Wozmak commented we have this designation and nobody is taking advantage of it. Councilor Hansel asked how the tariffs work if you buy your material from an intermediary. Mr. Wozmak was not able to answer the question. Mr. Kopczynski questioned if this Committee is the proper venue for this issue. He advised that most of this information is available on the City website. Ms. Dragon suggested something like this would be perfect for a Chamber of Commerce event. Mr. Murphy agreed and added there would also be other Chambers in this region that might be interested.

5. Future Topics-

February 19th 2019- Workforce Development- Dr. Melinda Treadwell, President
Keene State College

March 19th 2019-Financial Resources- Available for existing or potential businesses
Opportunity Zone, 79E, NMTC, CDBG

April 16th 2019- Land Use-Code Update: Building Better Together

6. Draft Topics in Support of Adopted Committee Goal

- a. Communications, Coordination between organizations, towns, etc**
- b. Land Use-Code Update: Building Better Together**
- c. Child Care- Housing**
- d. Infrastructure**
- e. Vision and Investment Plan**
- f. Branding and Marketing**

7. Topics Discussed and Parked

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- a. **Arts and Culture**
 - b. **Energy, Use and Supply**
 - c. **County Economic Development Efforts**
8. **Next Meeting Date** – February 19, 2019
9. **Adjournment** - There being no further business Chair Greenwald adjourned the meeting at 2:06 PM.

Respectfully submitted by,
Mary Lou Sheats- Hall
January 18, 2019

Revised- M.K. Kopczynski
January 23, 2019