



**TOWN OF NORTH HAMPTON, NEW HAMPSHIRE
NORTH HAMPTON ECONOMIC DEVELOPMENT COMMITTEE**

JULY 10, 2019 5:00 PM

NORTH HAMPTON TOWN HALL

Approved August 7, 2019

EDC MEMBERS PRESENT: Chairman Richard Luff, Vice-Chair Jeff Hillier, Jonathan Pinette, Glenn Martin, Select Board Rep Kathleen Kilgore, Heritage Commission Rep Nancy Monaghan, Planning Board Rep Phillip E. Wilson, Renee Locke

ALSO PRESENT: Town Administrator Bryan Kaenrath

AGENDA

Chairman Pro Tem Phil Wilson called the July 10, 2019 Economic Development Committee Meeting to order at 5:04 pm, followed by the Pledge of Allegiance.

ELECTION OF NEW OFFICERS

Chairman of the Economic Development Committee

Chairman Pro Tem Wilson opened the floor to nominations for Chairman of the Economic Development Committee.

Nomination: Richard Luff as Chairman of the Economic Development Committee.

Nominated: Ms. Monaghan

Seconded: Ms. Locke

Vote: Nomination approved 7-0, with 1 abstention

Richard Luff was approved as the new Chairman of the Economic Development Committee.

Vic-Chairman of the Economic Development Committee

Chairman Pro Tem Wilson opened the floor to nominations for Vice-Chairman of the Economic Development Committee.

Nomination: Jeff Hillier as Vice-Chairman of the Economic Development Committee.

Nominated: Selectwoman Kilgore

Discussion: Mr. Hillier respectfully confessed that he did not know a lot about what was going on. Selectwoman Kilgore said he was well-rounded in everything in the Town and would bring a balanced perspective, and Mr. Hillier agreed to the nomination.

Nomination: Jonathan Pinette

Nominated: Glenn Martin

Chairman Pro Tem Wilson closed the nominations for Vice-Chairman of the Economic Development Committee.

Vote: Jeff Hillier - 5 votes; Jonathan Pinette - 2 votes; 1 abstention

Jeff Hillier was elected as Vice-Chairman of the Economic Development Committee.

Meeting Agenda

Chairman Luff said he was catching up to speed and doing the reading. He said he considered his position as more of a facilitator to encourage the cognitive side of debates and control the emotional side of things. He said how they decided was really important going forward and he hoped everyone would feel that the dialogue was kept open and the debate vigorous.

Future of Retail Initiatives – Phil Wilson

Mr. Wilson said the information comes from a study by Nielsen Marketing Group for a large grocery store or supermarket distributor, and said he excerpted 12-13 slides relevant to work the Committee has been doing. He said they have been struggling with what it is that they want to bring into the Town in the way of Economic Development, and said this study reinforces the changes in the retail market, particularly the move to e-commerce from brick-and-mortar stores.

Mr. Wilson said the study begins by looking at who will fall prey to e-commerce next, and shows who is growing and who is shrinking as a result of e-commerce, with businesses affected in different ways. He said e-commerce was up \$337Bil vs. 2007 on an accelerating parabolic curve, and store closings are already at 2018 levels for 2019 to date. He said not are store counts going down, store size is also shrinking, with large footprint stores not surviving. He said that trend is fueled by growth in small formats such as Dollar stores, convenience stores and drug stores.

Mr. Wilson said Nielsen points out that not all retail channels have seen formats shrink, with dollar stores, convenience stores, and clubs increasing dramatically, and said the number of stores has become more important than the footprint size. He said this shows the nature of retail is really shifting from large malls to small convenient stores. Mr. Martin said the square-footage of stores decreased less than 5% over 10 years and it might not be as dramatic as it looks, though they were definitely sizing down. Mr. Wilson said the study was just trying to show the trend.

Mr. Wilson said the next slide shows e-commerce share growth accelerating as sales growth slows. He said the left side shows the total in billions of dollars of retail sales per quarter, and the scale on the right is the percent change versus a year ago, with a yellow line indicating the e-commerce share. He said what interests him the most about this is how total US e-commerce retail sales grew from \$10Bil in 2001 up to \$133Bil now. He said as the magnitude of e-commerce sales go up, the percent of change year-to-year is going to decline. He said e-commerce sales and shares are really, really rising.

Mr. Wilson moved on to Amazon, and said the slide shows actual sales in 2018 and what they project to do in 2023, grabbing \$595Bil in sales now and projecting \$828Bil in 2023, which is close to \$1 trillion. He said the next slide shows net sales growth for Amazon remaining solid as the net income more than triples. He said the percent change in net sales is going down which points to e-commerce competition, with retailers closing the Amazon gap. He said others are growing faster but are coming from a much smaller base.

Selectwoman Kilgore said she was in the materials handling business and said Amazon is taking advantage of every new technology so you see that income going up, but they are driving their operation costs down to be able to continue to net increases the way they are. She said Costco also seems to be moving in that direction.

Mr. Wilson said the takeaways were that brick and mortar retail is declining in presence and market share, Amazon and e-commerce are growing shares, and vacant storefronts are therefore not surprising. He said small footprint stores are growing in number and presence, and said North Hampton should focus on the needs of their local customer base and what they can make available to them that they are unlikely to be able to find within a reasonable distance. He said economic development must look beyond retail to restaurants, light industry, professional services, and unusual locally needed goods and services.

Selectwoman Kilgore said Gus' Bike Shop should be a staple once the Rails to Trails come through, and said he offered product and service and assistance. Mr. Wilson said they really had to look beyond retail and said light industry could do business here as well as professional services like legal and dental, and also unusual personal services. He said as they move forward and try to fill some of their storefronts they should keep some of this data in mind.

Vice-Chairman Hillier thanked Mr. Wilson for his presentation, and said they needed to realize that every other town everywhere was looking to do the same stuff. He said the question is whether North Hampton can do it alone or if there might be more clout in going regional. Ms. Monaghan said in the resident survey they wanted products and services they could use and to shop more often, which fits well with this information. Selectwoman Kilgore asked if there was anything in the study about "lifestyle businesses" geared towards the arts, and Mr. Wilson said they were grouped into personal services.

Mr. Wilson said another example in North Hampton was "Imprints" which was a wonderful daycare center. Selectwoman Kilgore said they also have a lot of dance and exercise studios, and said it would be interesting to see if there were any studies on what the trends are. She said maybe they should look into taking classes and how that can work into the balance of the North Hampton business fabric.

Chairman Luff asked Mr. Wilson if he thought this was something that needed to be incorporated into the Ironwood piece in terms of design. Mr. Wilson said he was a little concerned about it in relation to the whole Village Concept, as it does focus on heavy retail types of businesses on the first floor and perhaps apartments on the second floor. Mr. Martin said 40,000 square feet on the first floor could be four 10,000 square-foot units. He said you could have a larger structure with more viable space on the second floor. Chairman Luff said he was fortunate with his business being land-based, which Walmart and Amazon have not yet duplicated. Mr. Wilson said that was an important part to have businesses people *have* to go to where they can't get it online.

Chairman Luff agreed they needed to encourage experience-based businesses. He also asked if the discussion was ever put forth about how to staff these businesses. Vice-Chair Hillier said despite the low State unemployment, there were unemployed people out there. Mr. Pinette said with regard to employees, there were some articles done in Portsmouth where restaurants had to close because of staffing levels. He said Sununu did a quick analysis last year of the aging population in North Hampton and where they stand with the economy and trends, with unemployment at its lowest rate, retail declining, and online sales increasing.

Mr. Pinette said from a business standpoint he thought people were willing to travel to destination spots. He said having affordable housing in an area where you can have employees live in the town they are working in is a step in the right direction, and perhaps Ironwood could advise on how to do that. Ms. Monaghan said she remembered that in the survey for business retention done by UNH, not many places talked about a difficulty finding employees.

Selectwoman Kilgore said everyone she had talked to spoke about the difficulties of finding good help and retaining them because it is so expensive for them to find housing anywhere around here. She said Seacoast Harley was lucky to have dedicated and loyal help, mostly due to work environment and value at their job. Mr. Wilson said he interviewed 7 businesses and found more complaints about finding millennials willing to literally work, who were willing to work late or on weekends. He said you can find people if the work is exciting and the pay is enough, and if they see opportunity.

Mr. Wilson said New Hampshire had touted its advantages for decades of having no income tax and no sales tax. He said having no sales tax for many years has distorted our economy and we have a gross disproportion of low-paying jobs in New Hampshire because no sales tax has resulted in a disproportionate number of retail businesses. He said the economy of this State is built on retail and the tax structure of New Hampshire has given us what we have, which is no longer an advantage, and unless something serious is done about it they will not get any better off.

Vice-Chair Hillier said he agreed, and said the other piece is coming from public education, and said New Hampshire does not do what other states do, and people on the lower level of income often have great needs for their children. He said New Hampshire has been very lax with that and people come and get a job and then leave.

Town Administrator Bryan Kaenrath said on the housing piece from the Town's perspective, they see a lot of Town employees like the Fire Department, who are required to live within 10 miles and said they just lost a Firefighter because of housing costs in the area. He said many Town employees live in the

Dover/Rochester area and not many live right around here, and said the cost of housing is even an issue for employees.

Discussion of Funding of Ironwood Project to Create Village Center Representation

Chairman Luff said he believed the Select Board had already approved the Ironwood Contract, and Town Administrator Kaenrath said they had signed the contract. Selectwoman Kilgore said they could invite Ironwood to the next meeting to find out what the next steps would be. Chairman Luff asked if anyone had established contact with them, and Town Administrator Kaenrath said he would take care of that. Chairman Luff said it looked like the next meeting would be held on August 7, 2019.

Discussion of Integration of the Ironwood Agenda with the Fishbone Diagram

Mr. Wilson said he would integrate the Ironwood Agenda with the Fishbone Diagram now that the contract had been signed. He said he would essentially be replacing the upper left hand box with a representation of what Ironwood has said they will do, and delete "Planning a New Hampshire Charrette".

MINUTES OF PRIOR MEETINGS

Chairman Luff asked about the minutes, and Selectwoman Kilgore said Jim Better always sent a copy out to Committee members but they were supposed to get them from the website. Town Administrator Kaenrath said a Recording Secretary has agreed to take on the EDC Committee minutes. Mr. Pinette said with other committees he actually went to the website under the committee, and saved the minutes to his laptop then forwarded them to all members of the committee. Chairman Luff said he would take care of that and send them out. Mr. Pinette said he could also have the minutes printed in the Town office.

Approval of the Minutes of the June 5, 2019 EDC Meeting

Postponed until the next regular EDC meeting on August 7, 2019.

Any Other Item that may Legally come before the Committee

Vice-Chair Hillier asked about the efforts to locate business property owners, and Mr. Martin said they were down to a handful and said Kirsten Larson Schultz had helped do the spreadsheet. Selectwoman Kilgore said if he had additional information she could do the spreadsheet, and said basically they were trying to get contact information for all commercial property owners.

Chairman Luff asked about the prong to fill the storefronts and the discussion to hire someone, and asked if that was on hold. Selectwoman Kilgore said it did not pass encumbrances but it was a discussion that needed to be held with the Select Board moving forward, and it would not be in the 2020 Budget. Mr. Martin said that Jim Better mentioned the availability of business students at UNH and internships for study. He said for the other part, he was not sure they were big enough to hire someone just for their Town and might use a regional person who knows everything on Route 1. Selectwoman Kilgore said Town Administrator Kaenrath was the Town's liaison to a group starting in the Hampton community.

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Town Administrator Kaenrath said the Hampton Chamber Public Policy Committee has been talking about this issue and there is a movement underway now to identify funding for a regional Economic Development Person to be shared by Seabrook, Hampton, and North Hampton. He explained that the timeline had not worked out to advertise the position here, and was something they could talk about in the future. Selectwoman Kilgore said they were also looking into bringing in interns this year to help out in the Town offices, and they might develop a contact with UNH they could tap into. Town Administrator Kaenrath said interns could work in Town offices and do economic development work.

Ms. Monaghan suggested the Committee should formally request that the Select Board consider hiring a contact person and put it in the next budget. Selectwoman Kilgore said it was a discussion they should have and that Town Administrator Kaenrath should be involved in it. She said if they are going to do regional, it was a really good idea to start that conversation. Chairman Luff asked Ms. Monaghan if she saw any difficulty with going down these two paths simultaneously, and she did not.

Selectwoman Kilgore said as a Committee they had never had any formal Rules & Procedures and she would like to see that worked through and adopted. She said she put together a rough draft and would forward a copy to Chairman Luff, and they could perhaps work on it together. Ms. Monaghan said with so many new members, she was not sure if all the paperwork had been circulated to them. Selectwoman Kilgore said she would sent the Business Retention information from the UNH Study to Chairman Luff for distribution. Chairman Luff said he would distribute the key documents to all members.

Next Meeting: The next regular Economic Development Committee Meeting is scheduled for Wednesday, August 7, 2019 at 5:00 pm.

Adjournment

Mr. Pinette made a motion to adjourn the meeting which was seconded by Vice-Chair Hillier.

The motion to adjourn was approved by a vote of 8-0 and Chairman Luff adjourned the meeting at 8:13 pm.

Respectfully submitted,

Patricia Denmark, Recording Secretary