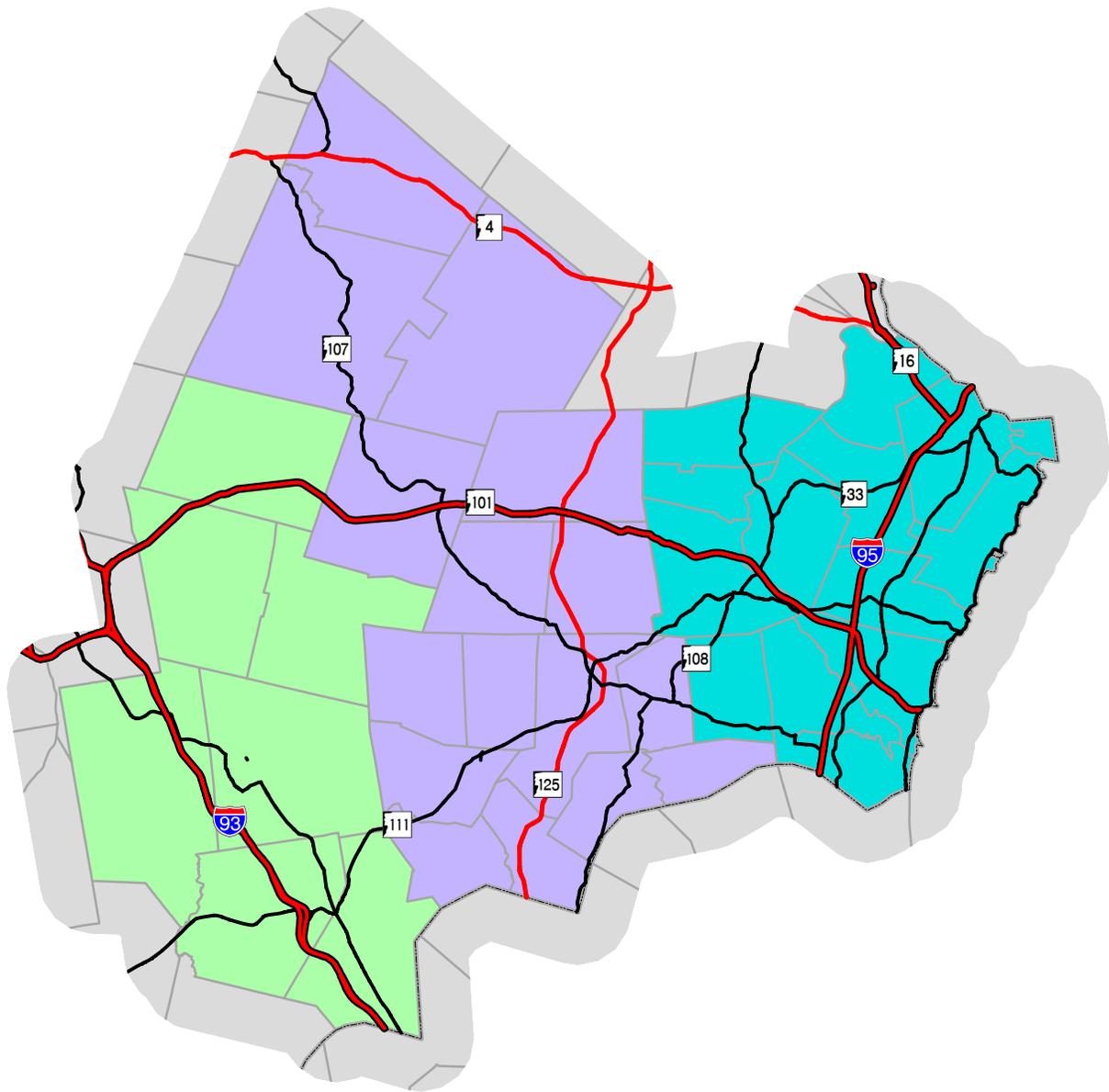


COMPREHENSIVE ECONOMIC
DEVELOPMENT STRATEGY
(CEDS)
ROCKINGHAM COUNTY, NH
2006



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2006 CEDS UPDATE

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Part I - Executive Summary

The 2006 Annual CEDS Update maintains the “continuous, comprehensive economic development planning process” for the Rockingham County Economic Development District (EDD). This document represents the first submission since the Five-Year CEDS was completed last year and the Portsmouth Naval Shipyard was successfully removed from the Base Relocation and Closure (BRAC) list. The Rockingham Economic Development Corporation, Inc. (REDC) and the Rockingham Planning Commission (RPC) have continued to work with the other economic development partners to create a positive environment for job creation and the maintenance of the quality of life in the region. The active participation of more than one hundred (100) people in last year’s Visioning process continues to validate the “grass-roots” planning process as a viable means to establish economic development goals for the region.

REDC held four CEDS Steering Committee meetings during the past year on the following dates: November 16, 2005, February 8, 2006, April 26, 2006 and June 21, 2006. The CEDS Steering Committee continued to reach out to residents, public policymakers and businessmen in the County in order to stay current on the economic needs of the region. The CEDS Steering Committee monitored the annual CEDS Planning Process, approved the Priority Projects list for 2006 and recommended approval to the REDC Board of Directors of the Annual CEDS Update for 2006 at its June 21st meeting. The REDC Board of Directors met on June 22, 2006 and approved the Annual CEDS Update for 2006 based upon the recommendation of the CEDS Steering Committee. A summary of the CEDS Steering Committee and REDC Board of Directors activities is included in the main part of this document, while the agendas and minutes are included in the Appendix.

REDC summarized the past year’s activities by addressing the Project Development, Goal Attainment and Capacity Building components of its work program. Under the Project Development component, REDC cited its work in relation to the potential base closure at the Portsmouth Naval Shipyard, the multi-purpose project in Raymond, the provision of technical assistance on Newmarket’s downtown improvement project, the management of EDA planning and public works grants, and the Regional Revolving Loan Fund under the U.S. Department of Housing and Urban Development and the Intermediary Re-Lending Program under the U.S. Department of Agriculture Rural Development. The activities of the University of New Hampshire in attracting National Science Foundation funds for nanotechnology research and the initiatives of the New Hampshire Community Technical College and the BioTech Council in securing resources for biotechnology activities, helps to keep the Rockingham EDD in the forefront of addressing the emerging industry clusters that represent future job growth for the region.

The 2005-2009 CEDS established six new goals for the region in the areas of Economic Development, Infrastructure Development, Workforce Development, Environmental Preservation, Workforce Housing and Regional Cooperation. The major initiatives under the Economic Development goal included planning for the Bi-State Summit with

the State of Maine and York County and the completion of the Advancing Industry Clusters in Rockingham County project with the University of New Hampshire Small Business Development Center. Projects under the Infrastructure Development included the \$ 480 million Route 93 major upgrade and expansion project, the Seabrook Fishing Pier and Cooperative Project, the Great Bay Wastewater Treatment Feasibility Study, the \$ 130 million Newington-Dover/Little Bay Bridge Expansion and the submission of three new infrastructure projects for 2006 – the Town of Raymond Exit 4 project, the industrial roads project for the Town of Londonderry and the Town of Stratham Fire Suppression project. Opportunities under Workforce Development were enhanced through the scheduling of the Bi-State Summit and the Financing Future Growth seminar, the awarding of loans by REDC under the Regional Revolving Loan Fund and the Intermediary Re-Lending Program and the securing of federal and state grants for nanotechnology and biotechnology initiatives. The purchase of open space and conservation land by Derry (\$ 6 million) and Londonderry (\$ 7 million), the identification of funding for the Piscassic Greenway (\$ 8.1 million) and the funding of various Land and Community Heritage Investment Program (LCHIP) projects have moved the region forward on its Environmental Preservation goal. Workforce Housing remains the major barrier to business expansion in Rockingham County and various groups, such as the Workforce Housing Coalition of the Greater Seacoast and the Portsmouth Chamber of Commerce, have established ambitious work plans to address this growing problem. Regional Cooperation was identified as the major goal by last year's CEDS planning participants and activities, such as the Bi-State Summit, development projects in Raymond and Hampton Beach and RPC's Municipal Forums, have helped to break down the barriers and develop productive partnerships.

The Rockingham County EDD has improved its overall economic development planning capacity since its initial efforts in developing the first Five-Year CEDS in 2000. The partnership between REDC and RPC has brought the private and public sectors together to address the economic development needs of the region. The planning for the Bi-State Summit and the Financing Future Growth seminar would not have occurred in 2000. Financing support by EDA and the private banks, utilities and industries have enabled REDC to establish the "grass-roots" CEDS planning process and to develop annual economic development "blue-prints" that the economic development stakeholders in the region can embrace. The results of these planning efforts are reflected in the quality of the regional economic development projects and the economic development initiatives at the local level.

The section on Changes to the Regional Economy focuses upon the updates to the CEDS statistical data base, the State of the Economy and the Industry Cluster Update. The Update to the CEDS Data Summary provides updated or supplementary information in the areas of population counts; housing costs; employment, unemployment and wage data; and property valuations and tax rates. As of May 2006, population estimates for Rockingham County in 2004 showed a 1.2% annual increase, while the unemployment figures in the region have been reduced to levels not seen since 2000. Housing costs continue to rise at an annual rate of 7%, making Rockingham County the state's highest housing cost region.

The good news regarding the dropping of the Portsmouth Naval Shipyard from the BRAC list and the emergence of the New Hampshire economy from the recession of 2002-2003 has improved the regional economy. Even though “pockets of distress”, such as Seabrook and towns impacted by company closings, remain, the economic future for Rockingham County appears to be quite positive. However, just as Rockingham County undertook the initial CEDS planning process during the good economic times in 2000, REDC and its economic development partners have begun to prepare for the future through scheduling events such as the Bi-State Summit and the Financing Future Growth seminar. With the State of the Economy section, there are summaries of information from the New Hampshire Economic and Labor Market Information Bureau regarding economic topics of interest to Rockingham County – small firm trends, manufacturing and health care and social assistance. According to Professor Ross Gittell of the University of New Hampshire, New Hampshire’s economy should grow by 3.5% in 2006, as compared to the national rate of 3.3%.

Within the Industry Cluster Update, REDC’s work with the University of New Hampshire Small Business Development Center on the Advancing Industry Clusters in Rockingham County project is summarized. Utilizing a small portion of the \$ 100,000 EDA Industry Clusters grant to New Hampshire’s University Center, both parties were able to move the Rockingham EDD to the next level in supporting the growth of software development and biotechnology industry clusters. REDC was able to identify more than 45 software development and/or biotechnology firms in Rockingham County to work with in addressing barriers to their economic growth. REDC has planned a financing seminar on July 19, 2006 to begin to address the financing needs of some of these firms and to identify other businesses to partner with during the next program year.

Part V on Development Strategies focuses principally on the Priority Project list for 2006. Beginning with the description of the 2006 RFP Process and a statement of the FY 2006 EDA Investment Policy Guidelines, the Top Priority Projects, the Intermediate Priority Projects and the Long-Term Priority Projects are listed and summarized. The Priority Projects include both EDA-funded and non-EDA-funded projects and the Top Priority EDA-funded projects for 2006 are: the Route 125 Drakes Site in Epping, the Main Street Reconstruction Program in Newmarket, the NH Biotechnology Space at the Pease Tradeport and the Epping Downtown Feasibility Study. The Project Oriented and Other Economic Development Initiatives section includes information on major, ongoing projects that have an economic impact upon the region’s economy, such as the Manchester-Boston Regional Airport, the Pease Tradeport and the Port of New Hampshire, the Portsmouth Naval Shipyard, the Route 93 Expansion, the Regional Sewer Project, the Newington-Dover/Little Bay Bridge, Hampton Beach and the Town of Raymond Exit 4 Project.

The Development Strategies section concludes with a chapter on the Short-Term Actions for 2006-2007. Outlined within this chapter are specific actions listed by goal that are expected to be addressed by REDC, RPC and the other economic development partners in Rockingham County over the course of the next year. This chapter provides the basis upon which next year’s Evaluation Component will be developed regarding CEDS goal attainment.

The Evaluation Component concludes the Annual CEDS Update for 2006. The format utilized is based upon one that was recommended by EDA staff and used in last year's Five-Year CEDS. This section serves as a self-evaluation of the past year's CEDS program based upon numerous qualitative and quantitative measures. The Evaluation Component also addresses the fairly ambitious Evaluation Criteria outlined in the 2005-2009 CEDS. In general, the Evaluation Component focuses upon the Evaluation of the CEDS Process (levels of participation, data development and dissemination and CEDS marketing and outreach), Evaluation of the CEDS Goals, and Evaluation of CEDS Projects. The Evaluation Component provides a fairly extensive assessment of the performance of the Rockingham EDD, as measured against the established evaluation criteria.

The Annual CEDS Update for 2006 would not have been possible without the active participation of the CEDS Steering Committee, the REDC Board of Directors and our economic development partners in Rockingham County and at the federal and state levels. REDC wishes to express its appreciation to Rita Potter, EDA Representative, and the Philadelphia Regional EDA Office for their continued support and guidance in the annual "grass-roots" CEDS process.

Part II - Comprehensive Economic Development Strategy (CEDS) Steering Committee

During the past year, the Rockingham Economic Development Corporation (REDC) fulfilled its Economic Development District (EDD) responsibilities by maintaining a continuous, comprehensive planning process, supporting local economic development activities and promoting regional economic development projects. Three major projects dominated REDC's agenda this past year – maintenance of the annual CEDS Planning Process and the development of the Annual CEDS Update for 2006, follow-up on the near closure of the Portsmouth Naval Shipyard and the initiation of a Bi-State Summit for New Hampshire and Maine communities impacted by the shipyard and the completion of the Advancing Industry Clusters in Rockingham County project in concert with the Small Business Development Center (SBDC) of the University of New Hampshire. The Rockingham County CEDS Steering Committee has continued to play a role in addressing each of these projects and the members of the committee have been instrumental in bringing their perspective to the table as we discuss ways to support the creation of better-paying jobs while maintaining the quality of life in the County.

The Rockingham County CEDS Committee met four times during the past year. The CEDS Committee continues to reach out to residents, public policymakers and businessmen in the County as a means to stay current on the economic needs of the region. REDC utilizes its web site, flyers and newsletter to keep the public apprised of activities related to the CEDS.

The CEDS Steering Committee initially met on November 16, 2005 (see Agenda and Minutes in Appendix I) and was provided with an update on the submission of the 2005 CEDS to EDA and the distribution of the document to interested parties in Rockingham County and at the state level. A Washington Update was provided that summarized the current proposal to combine eighteen federal programs and its impact upon EDA. Other topics discussed at this meeting included the Seabrook Fishing Pier and Cooperative project in Seabrook, the EPA Brownfields grant applications being developed by the Rockingham Planning Commission and the Special Industry Cluster project with the Small Business Development Center (SBDC) of the University of New Hampshire and the related application to Sovereign Bank for assistance. CEDS Committee members also discussed the Town of Newmarket producing and selling electricity, co-generation activities in New Hampshire and at the University of New Hampshire specifically and wireless internet access in the region.

The CEDS Steering Committee next met on February 8, 2006 (see Agenda and Minutes in Appendix I) to discuss the Annual CEDS Update for 2006 planning process. CEDS Committee members were provided with an update on the EDA Regulations and the current activities of the Rockingham Planning Commission, which included a potential lawsuit related to the widening of Route 93, the Great Bay Wastewater Treatment

Feasibility Study and the EPA Brownfields grant application. The prospect of a Bi-State Economic Summit between New Hampshire and Maine in the aftermath of the Portsmouth Naval Station BRAC scare was then discussed. As a result of the Shipyard being placed on the initial BRAC list, the Southern Maine Regional Planning Commission received \$ 175,000 in Department of Defense funding, which culminated in a report developed by the Center for Business and Economic Research at the University of Southern Maine entitled "Looking Beyond the Shipyard: Economic Development Challenges of Southern Maine". Representatives from both states have been assembled as a Steering Committee to plan for a Bi-State Economic Summit. The CEDS Committee received an update on current economic development projects in the County, such as the Seabrook Fishing Pier and Cooperative project in Seabrook and the co-generation project in Newmarket, as well as an overview of the CEDS Priority Projects RFP for 2006

The CEDS Committee met again on April 26, 2006 (see Agenda and Minutes in Appendix I) to continue discussion of the Annual CEDS Update for 2006. Committee members were asked for their comments on the proposed Table of Contents for the Annual CEDS Update for 2006 document. It was also reported that the Financing Seminar in connection with the Special Industry Clusters project had been scheduled for July 19, 2006. The CEDS Committee was then informed that the Bi-State Economic Summit would be held on September 12, 2006 at the Portsmouth Sheraton and that EDA officials would be invited. Another project to be completed by September 2006 was the Livable Wages project conducted by the University of New Hampshire for all ten counties. The Committee then received an update on the Epping Crossing project, as well as the proposed additional projects to the Priority Project List for 2006 – the Town of Raymond Exit 4 project, the industrial roads project for the Town of Londonderry and the Town of Stratham Fire Suppression project. The CEDS Committee voted to add these projects to the Priority Project List for 2006. The CEDS Committee also decided that in future, all project proponents would present their respective projects in person – so the Steering Committee could ask questions.

At the June 21, 2006 CEDS Steering Committee meeting (see Agenda and Minutes in Appendix I), the Committee approved the Annual CEDS Update for 2006, including the Priority Project List, with their specific recommendations, and referred the document to the REDC Board of Directors for the final vote and approval. Based upon the recommendations of the CEDS Steering Committee, the Annual CEDS Update for 2006 was approved and ratified by the REDC Board of Directors on June 22, 2006 (see Annual CEDS Update Approval in Appendix 4).

Part III - Past Year's Activities

The Rockingham Economic Development Corporation (REDC) has enjoyed its first year under its new Five-Year Comprehensive Economic Development Strategy (CEDS). During a year which saw the Portsmouth Naval Shipyard saved from closure, REDC has worked closely with the Rockingham Planning Commission (RPC) and the other economic development stakeholders to implement the new goals established under the 2005 CEDS. This section provides a summary of the past year's activities, while also demonstrating how far REDC has progressed since 2000. The active participation of the CEDS Steering Committee, the REDC Board of Directors and the other economic development stakeholders in the region has been largely responsible for REDC's success in implementing these economic initiatives for Rockingham County.

A. Project Development

The REDC coordinated an extensive effort in developing the Five-Year Comprehensive Economic Development Strategy (CEDS) last year and the focus upon the possible base closure at the Portsmouth Naval Shipyard. In other project development activity, the REDC continues to work with the Town of Raymond in identifying and targeting funds for their major multi-purpose development of 300 acres that will create a significant number of jobs in the community. Additionally, the REDC has provided technical assistance to the Town of Newmarket as they embark on a major downtown improvement project that is affecting the downtown business community. REDC has successfully managed four EDA grants to date – the Compaq Economic Adjustment Assistance Grant, the 2002 Planning Grant, and the 2004 and 2005 EDD Planning Grants – and has applied for \$ 52,000 under the 2006 EDD Planning Investment. REDC has also been instrumental in encouraging the development and funding of two EDA public works grants – the Epping Crossing and the North Apron Access Road project at Pease. These EDA public works grants generated new, better-paying jobs, increased incomes and property taxes for the communities and improved the infrastructure. REDC also completed and submitted an EDD application to EDA and was approved for EDD designation as of June 2003.

REDC is responsible for managing the Regional Revolving Loan Fund for the thirty-seven (37) communities in Rockingham County and works with the State of New Hampshire in the allocation of Community Development Block Grant (CDBG) funds to non-entitlement communities in the County. REDC offers technical assistance to start-up and emerging businesses, which represent the backbone of the region's economy. REDC bridges the gap between the municipalities and the companies and those most in need and available jobs. REDC has established strong ties with the financial community – private and public- in New Hampshire and utilizes these relationships to bring worthy projects to fruition.

In the last year, REDC has received approval for a major CDBG loan in the amount of \$450,000 to a bio-tech company relocating to Salem, New Hampshire, where the

private investment totals \$ 3 million and 38 new permanent high tech jobs will be created over the next three years. REDC has also been awarded \$ 500,000 in new capital from the USDA Rural Development's Intermediary Re-Lending Program, which will, in turn, be used to provide loans to growing companies in rural areas where new job creation will occur. To date, two loans totaling \$ 375,000 have been made to Rockingham County companies for either new jobs or new product development. Between the CDBG funds and the funds from USDA Rural Development, REDC provides loans to deserving businesses that do not have access to the traditional financing avenues. REDC has also approved a \$ 150,000 Revolving Loan Fund loan with a contract manufacturer of Salem that will result in 10 jobs and the return of contract work from China. REDC is working with Liquid Planet in Candia, which could bring 157 jobs through the creation of a water park. REDC is also working with owners of the start-up Fiberboard Company of Brentwood, which makes asphalt shingles to provide \$ 500,000 in CDBG/REDC funds so that the company can create 20 jobs. The REDC has also made loan funds available to a new Veterinary Surgical Hospital in the amount of \$150,000 where 14 new jobs have been created in Brentwood. REDC has started the process to apply for an additional \$ 750,000 in IRP funds from the USDA Rural Development, thus increasing the loan fund by \$ 1.5 million.

Additional projects in the workforce development area have received outside funding as well. The University of New Hampshire has been recognized, along with Northeastern University and the University of Massachusetts at Lowell, with its extensive activities in the area of nanotechnology through a grant from the National Science Foundation. Similarly, New Hampshire Community Technical College Manchester/Stratham was awarded a \$ 1 million grant from the U.S. Department of Labor (DOL) to enhance biomanufacturing training in the northeast under the High Growth Job Training Initiative.

New Hampshire Community Technical College has received approximately \$ 2 million in workforce training funds for the Biotech cluster from DOL. This program will raise the awareness of biotechnology careers at the high school level and tie together the biotech companies and educational facilities. The Biotech Council has also developed training templates to address the lack of skilled workers in the Biotech field. New Hampshire Community Technical College received another \$ 291,000 under the Jobs for New Hampshire's Graduates program, which is designed to help youth compete in the workforce and stay in school.

B. Goal Attainment

As a result of the newly approved CEDS, the specific goals were broadened and refocused to reflect the new Vision outlined by the CEDS participants. The six goals include Economic Development, Infrastructure Development, Workforce Development, Environmental Preservation, Workforce Housing and Regional Cooperation. The major focus for the past year was in dealing with the potential closure of the Portsmouth Naval Shipyard and in maintaining a continuous, comprehensive economic development planning process for Rockingham County.

The partnership that has been established between REDC and EDA has resulted in greater economic development planning capacity in Rockingham County and, therefore, better economic development projects. The prospects of REDC being able to participate in a Bi-State Summit with the State of Maine in 2000 were quite unlikely. However, in 2006, REDC has established itself as a leader in charting out Rockingham County's economic future.

Economic Development – *To create high-paying and high-skill jobs in cluster industries and to improve the standard of living of District residents.*

When the CEDS document was submitted last year, the status of the Portsmouth Naval Shipyard had still not been settled. The negative impacts of the proposed closure were never realized as the Portsmouth Naval Station was removed from the closure list by the Base Realignment and Closure (BRAC) Commission. At issue were more than 10,000 direct and indirect jobs across the New Hampshire – Maine region and more than \$ 750 billion in gross regional product. While Rockingham County probably only accounted for 10% of these figures, the impact on the County's economy was potentially quite severe. However, instead of waiting for the next round of BRAC closures, representatives from New Hampshire (including REDC) and Maine have come together to plan a Bi-State Summit in order to address where we go from here. The Bi-State Summit has been scheduled for September 12, 2006

- REDC has continued to maintain the Annual CEDS Planning Process and to meet its responsibilities as an Economic Development District (EDD). REDC continues to provide economic development support to its municipal partners, while also promoting regional economic development projects.
- REDC worked with the Small Business Development Center (SBDC) of the University of New Hampshire on the Advancing Industry Clusters in Rockingham County project, which attempted to identify the support needs of the biotechnology and software development firms in the region. REDC was able to identify more than forty biotech and software development firms located in Rockingham County. Based upon the survey returns of seven biotech or software development firms, the principal barriers facing them were capital, technology, energy costs and unfair competition. The organizations that provide the most support for these firms include the Biotech Council, financial institutions, workforce development groups and educational institutions. REDC plans to follow up with the firms that responded and to match them up with the appropriate economic development stakeholder. REDC has also scheduled a Finance Forum July 2006 in conjunction with various partners throughout the State.
- REDC provided \$ 450,000 in CDBG funds to a local biotech firm, which resulted in the creation of 38 high tech jobs and the leveraging of extensive private investment.

- Additionally, the REDC provided loans to several other companies during this past year totaling \$200,000. resulting in 15 new full time jobs in the region.

Infrastructure Development – *To maintain and expand the District’s transportation (highway and transit), sewer and water, and telecommunications infrastructure in order to accommodate balance, industrial, commercial and residential “smart growth”.*

- The \$ 480 million Route 93 major upgrade and expansion project has established a 5-7 year timeframe for completion. However, the Conservation Law Foundation has filed a lawsuit against the project claiming that other transportation alternatives have not received similar attention. \$ 3.5 million in technical assistance funds are being made available to the twenty-six (26) affected communities and a \$ 1 million Manchester-Boston I-93 Transit Investment Study is being initiated to address alternative forms of transportation in the southern New Hampshire/northern Massachusetts I-93 corridor.
- REDC has been working with the Town of Seabrook, a “pocket of distress” community, to address the needs of the fishermen’s cooperative through the Seabrook Fishing Pier and Cooperative project. Extra efforts have been made to address the infrastructure needs of this community.
- The Great Bay Wastewater Treatment Feasibility Study is currently underway to address the wastewater treatment problems in the region. The \$ 130 million Newington-Dover/Little Bay Bridge Expansion is underway with the expected start date of 2008 and potential completion date of 2011 or 2012.
- The Rockingham Planning Commission has submitted a \$ 200,000 grant application to the Environmental Protection Agency (EPA) for Hazardous Substance Assessment funds in order to address ten brownfield sites in the region.
- The Seacoast area has become a hotbed of e-commerce activity with the establishment of fifty (50) WiFi hotspots. Portsmouth, Exeter and the Portsmouth Chamber of Commerce, through its e-Coast Technology group, have taken an avid interest in information technology. The State Legislature recently approved bonding capacity for counties or municipalities to construct, develop, improve and acquire broadband facilities.
- REDC has identified four new infrastructure projects for this year’s CEDS – the Town of Raymond Exit 4 project, the industrial roads projects for the Town of Londonderry and the Town of Stratham Fire Suppression project.

Workforce Development – *To prepare the region’s workforce for high-paying and high-skilled jobs in the growth industries through active collaboration among employers, educational institutions and the workforce development system.*

- As summarized under the Economic Development goal, REDC identified more than forty biotech and software development firms in Rockingham County as part of the Advancing Industry Clusters in Rockingham County project with the SBDC at the University of New Hampshire. REDC will follow up with those firms that identified workforce development as a major issue and match them with the appropriate workforce development agency or educational institution.
- The scheduling of the Bi-State Summit will address some of the issues related to matching the employment needs of the Portsmouth Navy Shipyard workers. With the removal of the Portsmouth Naval Shipyard from the BRAC closure list, the urgency to address this issue has been reduced. However, the region needs to be prepared for a potential closure in the future, given the federal budget issues, and begin to address this issue as soon as possible. The Workforce Opportunity Council received some federal funds from the U.S. Department of Labor (DOL) to address this issue as well.
- REDC continues to support permanent space for the New Hampshire Community Technical College to expand their programs at Pease. In particular, the expansion of the biotechnology incubator space at the Pease Campus.
- REDC supports the growth and expansion of small businesses through its resources from EDA, the U.S. Department of Housing and Urban Development (HUD) and the U.S. Department of Agriculture Rural Development. REDC has established a \$ 150,000 loan with a contract manufacturer of Salem that will result in 10 jobs and the return of contract work from China. REDC is working with Liquid Planet in Candia, which could bring 157 jobs through the creation of a water park. REDC will make a loan to the Fiberboard Company of Brentwood, which makes asphalt shingles, using recycled materials, \$ 500,000 in CDBG/REDC funds so that the company can create 20 jobs. REDC has started the process to apply for an additional \$ 750,000 in IRP funds from the U.S. Department of Agriculture Rural Development, thus increasing the loan fund by \$ 1.5 million.
- New Hampshire Community Technical College has received approximately \$ 2 million in workforce training funds for the Biotech cluster from DOL. This program will raise the awareness of biotechnology careers at the high school level and tie together the biotech companies and educational facilities. The Biotech Council has also developed training templates to address the lack of skilled workers in the Biotech field. New Hampshire Community Technical College received another \$ 291,000 under the Jobs for New Hampshire's Graduates program, which is designed to help youth compete in the workforce and stay in school.

Environmental Preservation – *To preserve, protect and utilize the natural resources and open space in the County as a means to balance economic growth.*

- Towns in New Hampshire have spent \$ 120 million over the past five years to buy open space as a means to protect the environment. It is estimated that \$ 15.7 million has been spent in southern New Hampshire. Within Rockingham County individual communities and groups of communities are doing their part to preserve the environment. Derry has spent \$ 6 million on conservation land, while Londonderry has raised \$ 7 million over four years for open space preservation. The Piscassic Greenway will connect 2,600 acres of conservation land in Newmarket, Epping, Exeter and Newfields at a total cost of \$ 8.1 million.
- In order to take advantage of the increase in fish consumption, Richard Langan, Director of UNH's Open Ocean Aquaculture Program, has established an aquaculture program that is designed to increase commercial aquaculture throughout New England, create employment opportunities and contribute to community and economic growth. The initial focus has been on shellfish and finfish and there is a need to substitute these domestic fish for the fish from the overseas fish farms.
- REDC has been working with the Town of Seabrook on the Fishing Pier and Cooperative project to rebuild the retaining wall and to address the \$ 600,000 financing gap for the project. Although no new financing sources have been identified to date, the REDC will continue to work with Town officials in completing this important project.
- Funding for the Land and Community Heritage Investment Program (LCHIP), which preserves natural and cultural resources, has become a major issue at the state level. Currently, there are 288 requests totaling more than \$ 60 million for the \$ 750,000 that is available. Projects in Rockingham County include the restoration of the Folsom Tavern in Exeter for the American Independence Museum and the Cotton Tenant House at the Strawberry Banke in Portsmouth. At this time, the Folsom Tavern project has been funded for \$ 100,000 and the Cotton Tenant House is wait listed for \$ 155,000.

Workforce Housing – *To create workforce housing as an assurance to expanding and relocating businesses that their workforce will be able to afford housing in the region.*

- The workforce housing needs of the biotech and software development firms that received the survey forms under the Advancing Industry Clusters in Rockingham County project have not been catalogued. The general impression is that workers need to find housing farther away from their jobs in order to afford the housing. Businessmen throughout Rockingham County recognize the limitations on their work force by the high cost of housing. The Portsmouth Chamber of Commerce has responded to its members' concerns about the need for

workforce housing by implementing a “Housing for Everyone” plan that includes a three-step process of “education, advocacy and action”.

- The workforce housing issue has become an economic development issue. Businesses can not hire workers and expand their firms because of the lack of affordable housing. According to a study conducted by the Gallagher, Callahan and Gartrell law firm in Concord, the state will continue to lose \$ 253 million in gross state product and \$ 33 million in state tax revenue unless it implements an effective plan for increased workforce housing options. In addition, there will be an annual loss of 2,800 jobs and \$ 121 million in personal income.
- The workforce housing issue is being addressed by the Workforce Housing Coalition of the Greater Seacoast on a regular basis. Through their monthly bulletins and regular meetings, the Coalition provides an educational and advocacy function in this area. Construction on a Workforce housing development in Exeter will start this summer.

Regional Cooperation – *To resolve local problems through regional solutions as a means to improve economic growth and to maintain the quality of life in the region.*

- The work to date on the Bi-State Summit has demonstrated the ability of public and private sector representatives in New Hampshire and Maine to work together to save the Portsmouth Naval Shipyard. The work beginning in September will demonstrate how the economic future for this bi-state region can be secured.
- Development projects in Raymond and Hampton Beach demonstrate the benefits that can come from regional cooperation. Raymond needs to establish water and sewer systems to develop land adjacent to Route 101 and should focus upon regional solutions to this issue. Hampton Beach is attempting to establish year-round employment and it needs to upgrade its water and sewer systems. The establishment of a TIF district will assist them in financing this infrastructure work.
- RPC continues to host its Municipal Forums as a way to develop capacity at the local level and to spread the word about the CEDS process and documents. These forums serve as the incubator for ideas about regional cooperation.

C. Capacity Building

The issue of capacity relates to the ability of the organization to fulfill its responsibilities in a timely and professional manner. Clearly, the partnership between REDC and RPC, in conjunction with EDA, has demonstrated the high level of capacity in Rockingham County. Although there had not been a relationship between Rockingham County and EDA since 1994, the success of the “grass-roots” CEDS planning process in 2000, which produced the first Five-Year CEDS document, and the positive relationship

between REDC and EDA (Economic Development Representative, Ms. Rita Potter, and Philadelphia Office) have demonstrated the wisdom of restoring this relationship.

The CEDS Planning Process and subsequent CEDS documents have added immeasurably to the economic vitality of Rockingham County. New partnerships have been formed and there has been a focus upon a single, comprehensive economic development “blueprint” for the county, the CEDS document. Even though various state, regional and local agencies respond differently in their approach to public policy, depending to a large extent on their specific mission and the outcomes expected by their funding agencies and constituencies, the CEDS planning process provides an opportunity for people to come together and to determine how their organization’s goals fit within the overall CEDS goals and how they can benefit from working with another organization. The availability of data that has been generated by the CEDS process and posted on-line on the REDC website has benefited many public, private and non-profit organizations. The ability of municipalities to work together on regional projects addresses their needs while reducing the cost of providing the specific service. The marketing and outreach related to the CEDS remains an important component in maintaining interest in this effort even though a specific community may not be eligible for EDA funding.

The partnership between REDC and RPC brings together a private, non-profit and a public regional planning agency. The focus of each agency is different; however, their interests in moving projects forward overlaps. REDC brings a private sector focus, while RPC brings the state, regional and local government focus. The strengths of each organization have made this partnership role even stronger. In meeting the responsibilities of a Economic Development District, both agencies have combined to guide two Five-Year “grass-roots” CEDS planning processes, complete two Five-Year and four Annual Update CEDS documents, manage several EDA grants, support EDA public works funding for other entities, identify matching funds from financial institutions, utilities and local and state agencies and support the other extensive activities within their organization. The level of capacity regarding the CEDS process has clearly improved since early 2000 when they began the “grass-roots” planning process.

The success of the CEDS efforts in Rockingham County would not have happened without the support of the REDC and RPC Boards, as well as the CEDS Steering Committee. Each year the level of capacity increases, both at the staff level and at the board level. Volunteers are what make New Hampshire organizations work. The CEDS “grass-roots” planning process works in Rockingham County because the ideas and recommendations of these participants are being heard and integrated into the CEDS documents. Due to the participation of many residents and workers from Rockingham County, the limited staffing faced by REDC and RPC has not been a significant barrier to performing well and addressing the economic development needs of the county.

The focus on the Bi-State Summit and the follow-up on the Cluster Survey will increase the participation of residents and workers from Rockingham County. Hearing from Neal Pierce on what has happened across the country in terms of regions working together

will provide the necessary incentive for New Hampshire and Maine to work together in protecting the economic vitality of the Seacoast region, including the Portsmouth Naval Shipyard as a major economic generator in the bi-state region. Ironically, the original reason for getting involved in the CEDS process in 2000 was to protect the Portsmouth Naval Shipyard even though the economy was doing quite well at that time. The past experiences related to the closure of Pease Air Force Base have encouraged policy makers in this area to be prepared for the future. Hopefully, the Bi-State Summit effort will identify the next new industries that can grow over the next twenty years.

Part IV - Changes in the Regional Economy

This section on The Regional Economy provides an overview of the current economic conditions facing Rockingham County. This information is critical to understanding why businesses and government agencies are doing what they do. For instance, in 2000 when the initial Five-Year CEDS was being developed, unemployment rates in Rockingham County were fairly low and employers were having a difficult time finding qualified workers. Two or three years later, there were significant layoffs in the information technology and computer manufacturing sectors forcing the workforce development agencies to revise their approach by finding jobs for the laid off workers. Presently, Rockingham County in 2006 appears to be closer to the first situation than to the second.

The Regional Economy section is comprised of three components: CEDS Data Update, State of the Economy and Industry Cluster Update. Under the CEDS Data Update component, the annual update of the demographics and data concerning current population estimates, employment and the housing market are provided. Additional charts related to this revised data are included in Appendix 3. The State of the Economy component provides an overview of the Rockingham County economy, identifies the “pockets of distress” within the region and makes some general conclusions. The Industry Cluster Update documents our work in trying to identify the specific needs of businesses within the biotechnology and software development industries. The information in this section builds upon the previous analysis regarding industry cluster.

A. Update to CEDS Data Summary

Since the publication of the 2005 CEDS document, updates to some of the data compiled in that report have become available. Where available, new data has been incorporated into the appropriate data summary tables, which are included as part of this CEDS Update in Appendix 3. Specifically, updated or supplementary information had been added in the areas of population counts, housing costs, employment, unemployment and wage data, property valuations and tax rates. This information is summarized in narrative form below.

1. Population

Current Population Estimates

The NH Office of Energy and Planning publishes population estimates for New Hampshire cities and towns on an annual basis. The annual estimates are based on survey responses received from cities and towns regarding numerical changes in constructed housing units (both additions and demolitions). Results are converted to population estimates based on current person-per-household data applicable to the County. The results are calibrated to the US Decennial Census counts of housing units.

New population estimates are typically available in the summer or fall of the following calendar year. As of May of 2006, the most recent estimates are for 2004. Year-over-year growth estimates from 2003 to 2004 show a population increase of 3403 for the County, representing a 1.2% increase. This is slightly more than the 3208 increase of the year before, but less than the average annual increase for the past 10 years of about 4200. Figure 1 shows a year-to-year summary of population change for the County.

Except for a two-year period of flat or declining population growth between 1990 and 1992, the county population has been growing steadily over the five decades. Annual average population increases have ranged from 1200 during the forties to over 5200 per year in the 1970s and 1980s. Growth moderated considerably in the 1990s, slowing to a little over 3000 per year. So far, in the first four years of the new millennium, growth has increased to a midway point of about 4300 per year for an average of about 1.6%. In the same period, the state growth rate averaged 1.4% per year. (Figure 2).

The largest population increase in 2004 was seen in the CEDS Western sub-region that grew by 1,545 persons and accounted for a little less than half the County's growth. As in previous updates, the slowest was in the Eastern region, which added just 804 persons or 0.8% growth. The Central region, with the smallest population overall, continues to be the fastest growing region at 1.5%. (Figure 3)

FIGURE 1

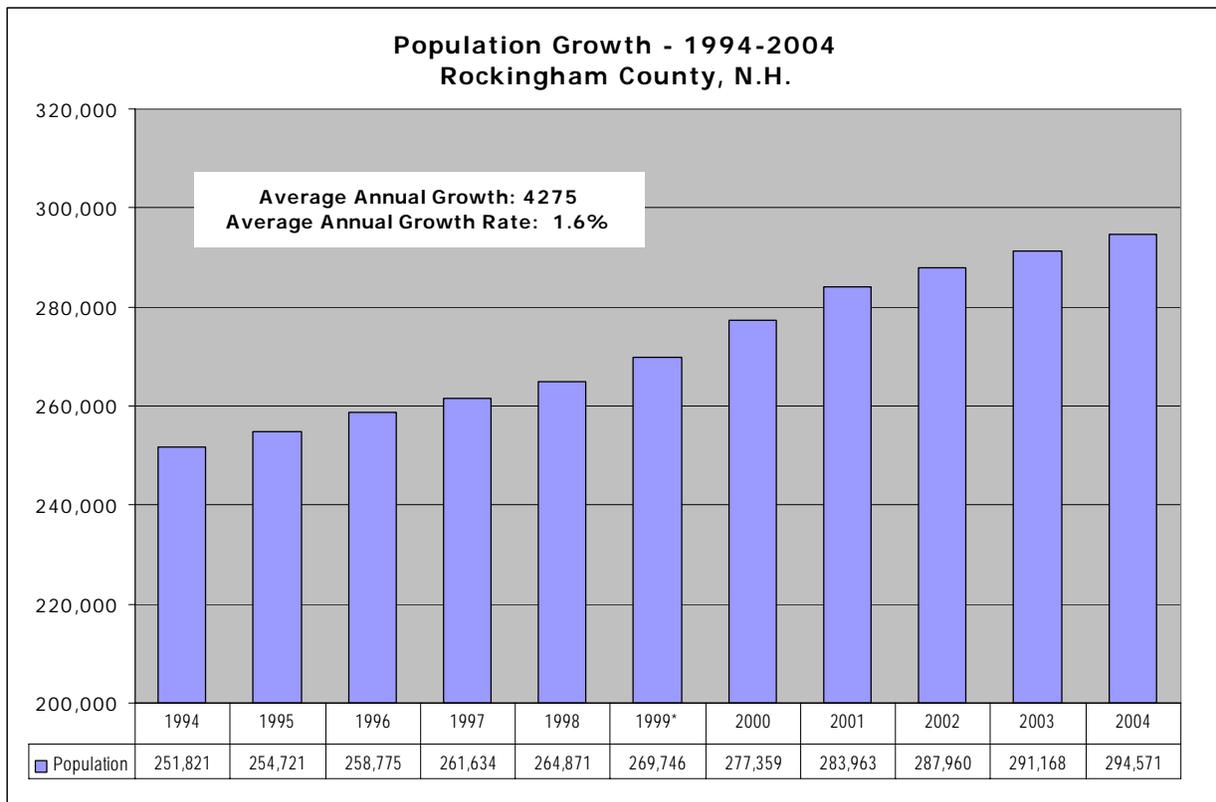
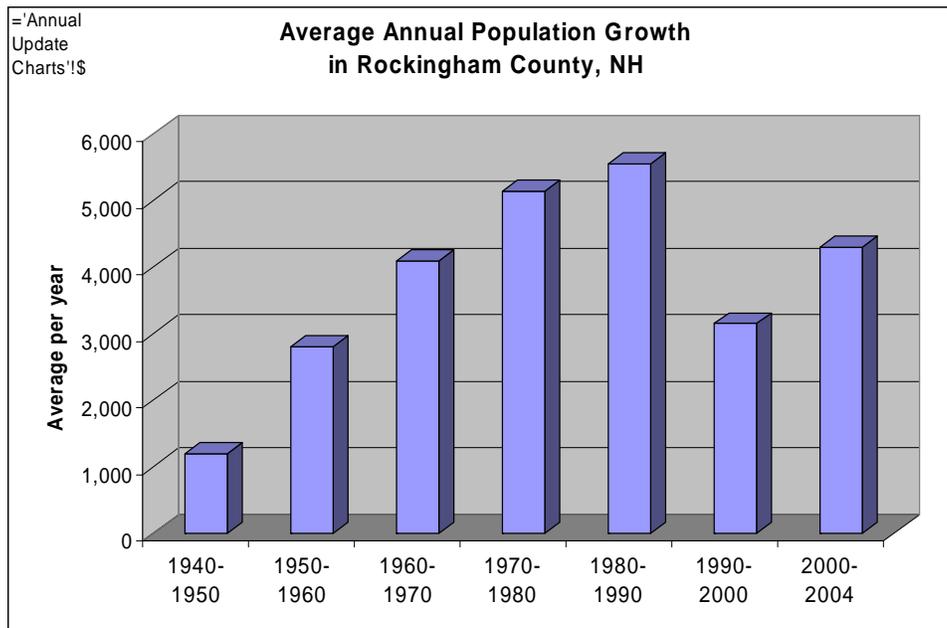


FIGURE 2



By far, the largest amount of growth occurred in Salem, which at 741 units, accounted for a little less than 25% of all the growth in the County in 2004. This was likely due to the first counting of several large multifamily developments that have occurred in the 2003-2004 timeframe and is not typical of the Town's recent growth rate. On a percentage basis, Newmarket showed the highest growth at 333 persons and 3.8% growth. Likewise this is largely due to the redevelopment and occupation of several downtown mill building to multifamily units. Among the smaller towns in the County, Nottingham (154 units, 3.8%), Fremont (143 units, 3.7%) Brentwood (118 units, 3.0%) and Stratham (187 units, 2.8%) experienced the most significant growth. Table A-1: Population History and Projections in Appendix 3 includes the latest population data on a town-by-town basis for the County.

FIGURE 3

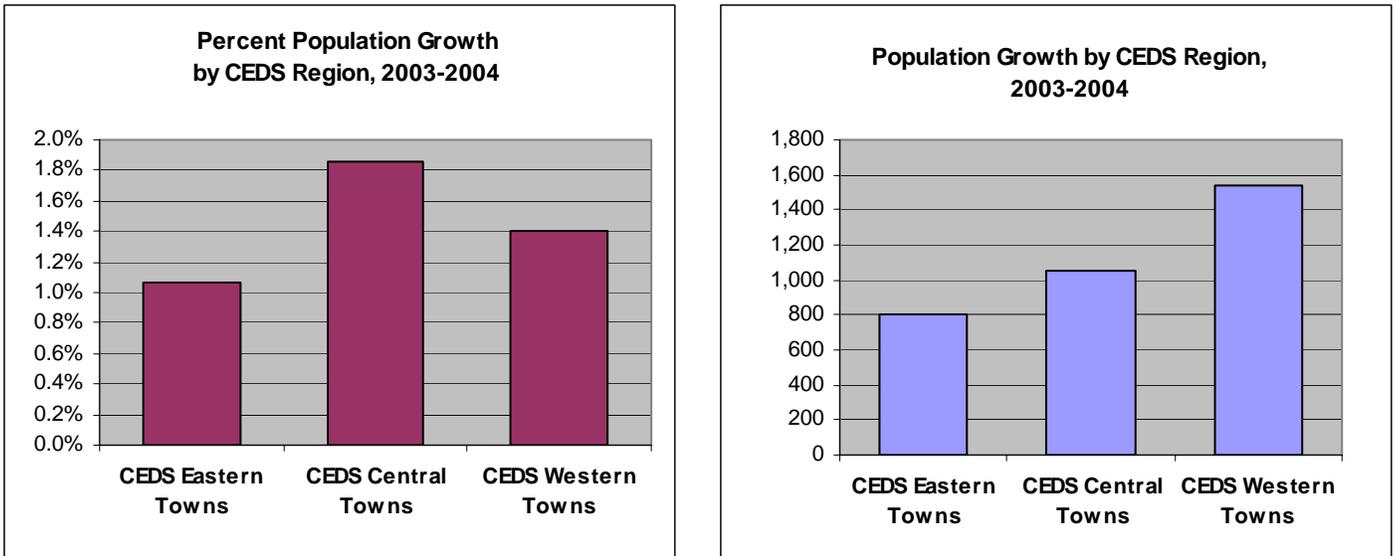
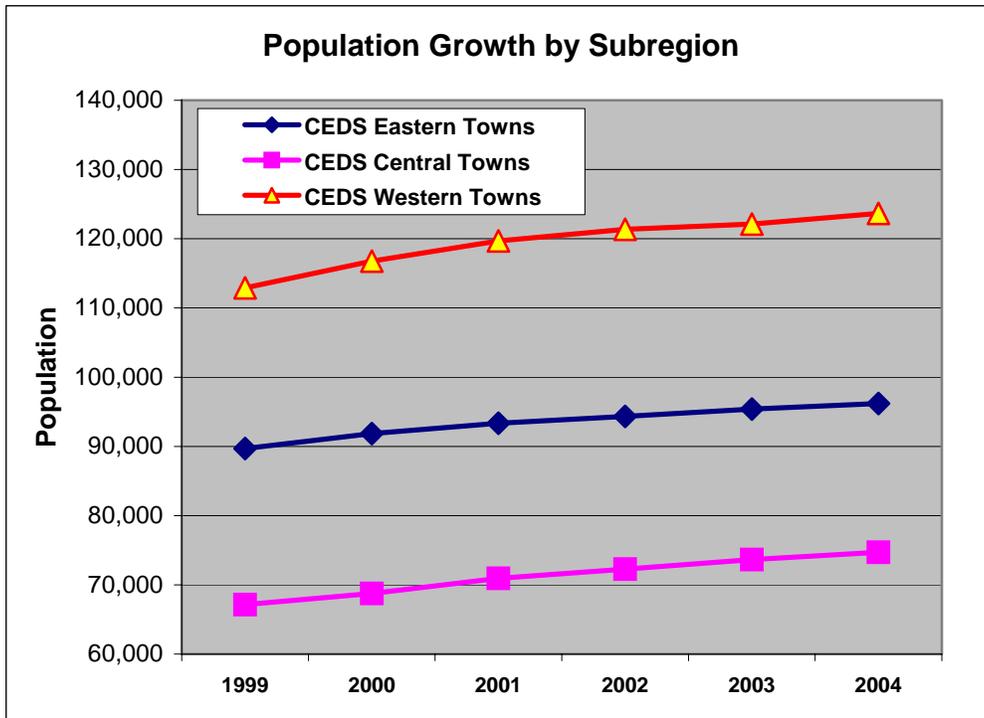


FIGURE 4

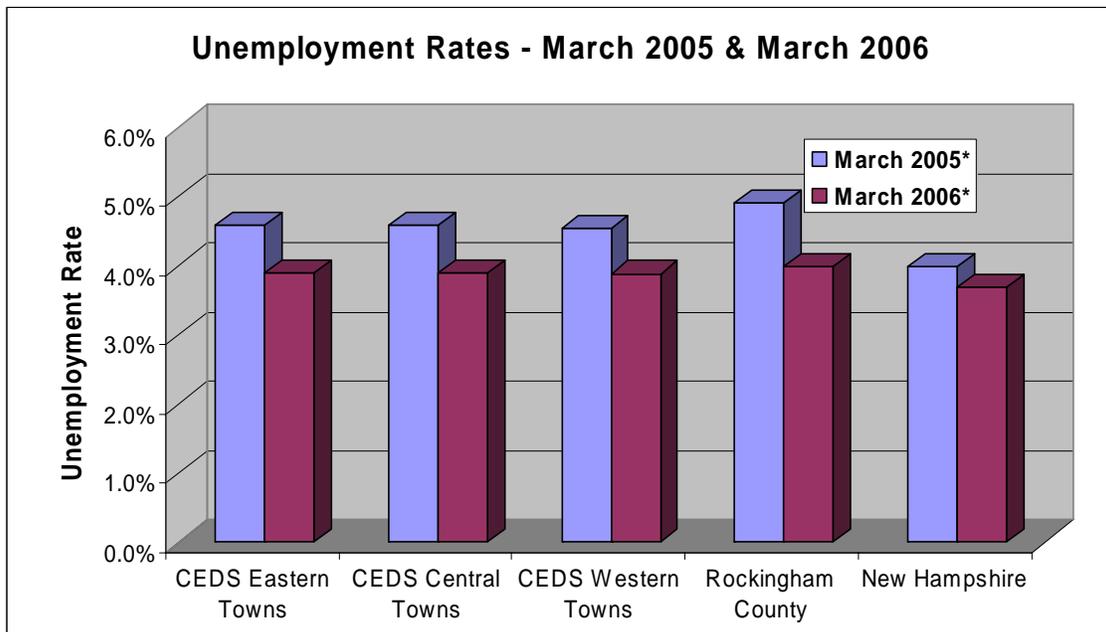


2. Employment Data

Current Unemployment Rates

Table C-4 – *Current and Historic Unemployment Data* in Appendix 3 of the CEDS Report has been updated to include the most recent town level unemployment data (March 2006)¹ available from NH Department of Employment Security. Overall, the 2006 numbers show a significant decline in unemployment for the County as a whole. The rate dropped almost a full point in the year, from 4.9% in March 2005 to 4.0% in March 2006. With the single exception of Candia (which already had one of the lowest rates in the County), every Town in the County experienced a decline in unemployment. The State also benefited from a similar decline, but smaller in magnitude, from 4.0% to 3.7% over the same period. As with all previous updates, Rockingham County's unemployment rate remains higher than the State's, though the gap has narrowed as the rates have declined. Looking at the average of towns within each CEDS region, a full point or greater declines are seen in the Central and Western sub-regions, while the Eastern region saw a half-point decline. The Eastern region, however, continues to benefit from the lowest overall rate. (See Figure 5).

FIGURE 5



The overall improvements in unemployment tend to mask a still significant number of towns with high unemployment. Five towns in 2006 have unemployment rates more

¹ Beginning with the 2005 CEDS unemployment data reported in the CEDS has been standardized to the month of March, generally the most recent month available when the data update is being prepared.

than a full point higher than the County average, including Seabrook (7.1%), Plaistow (5.3%), Newton (5.3%), Salem (5.2%), and Danville (5.1%). All of these communities have rates that are between 0.5 and 1.2 lower than they were in the previous year. Salem and Seabrook have shown the largest improvement. Town by town rates are shown on Table C-4 and its accompanying chart in Appendix 3.

The unemployment rate in Rockingham County is continuing to recover from the spike in rates that peaked at about 5.5% in 2002. At the town level, while the rates have likewise declined, locally significant plant or business closings or expansion have affected individual town-by town numbers.

The unemployment rate in New England overall has continued to improve since the 2001-2002 recessionary period, and has consistently tracked from 0.5 to 1.0 point below the national average since that time. In 2005, the jobless rate in New England was fourth lowest of the nine geographic divisions for which the U.S. Bureau of Labor Statistics maintains data. Job growth rates remains low however, and recent data shows that a part of the improvement in unemployment rates in the region are due more to slow growth in the labor force rather than robust job growth. From 2002 to 2005, the U.S. labor force grew by 3%, while in New England it grew by just 0.5%. In fact, the Massachusetts labor force, which makes up 45% of the New England total, declined by 2.7% in that time period.

Recent Closings

Both the NH Department of Resources and Economic Development and the REDC monitor significant plant and business closings during the year. Table 1 summarizes known closings and or reductions in workforce that occurred in 2005 and to date in 2006. In the previous update, nearly 1200 workers had been subject to workforce reductions or terminations due to business and plant closures. In the 2005-2006 cycle the recorded reductions have totaled about half that number at 620, with two-thirds attributed to a single business – the Celestica contract electronics manufacturer in Salem.

TABLE 1
Reported Workforce Reductions from Layoffs and Plant Closings
2005 and 2006, Year to Date

Company	Town	Date	Industry	Workforce Reductions
Ecora Software Corp.	Portsmouth	1/5/2006	Software	14
Liberty Mutual	Portsmouth	11/29/2005	Insurance	12
Office Max	Portsmouth	1/27/2006	Retail	17 – store closing
SI International	Portsmouth	2/21/2006	Services	40
Casual Corner	Salem	1/17/2006	Retail	22 – store closing
Celestica	Salem	2/17/2005	Manufacturing	420 – plant closing
Filenes	Salem	1/20/2006	Retail	10
Menlo Worldwide	Salem	1/11/2006	Manufacturing	11 – warehouse closing
Stocker Yale	Salem	1/17/2006	Manufacturing	4
Seabrook Greyhound Park	Seabrook	7/28/2005	Entertainment	70
TOTAL				620 (+/-)

While the relatively small number of these layoffs is good news, not so positive is the fact that 435 or some 70% of the layoffs were in the manufacturing sector, and all but 15 of those specifically in the electronics manufacturing sector. The loss of manufacturing jobs in the County continues to be a major concern as documented in previous CEDS reports. It represents the loss the well-paying jobs with good benefits, but also a further erosion of the area's manufacturing base, particularly its electronics manufacturing capacity.

3. Unemployment Trends

With this CEDS update we have revised the geographic area names from the former "Metropolitan Statistical Area" (MSAs) designations to the current "New England City and Town Areas" (NECTA) designations.² (See the 2005 CEDS report, Part 1, Section A.1. for town-by-town assignments of the NECTAs covering Rockingham County.) NECTA areas are not directly comparable to previous PSMA designations, so previously reported data will not match exactly.

As was reported in the 2005 CEDS, 2002 saw a sharp rise in unemployment in all areas of the County, up from the historically low rates of unemployment reached in 1999. As illustrated in Table 2 and Figure 6, the unemployment rate for the County reached a low of about 3.0% in 2000 and jumped by over 70% to 5.5% by 2002. Unemployment rates in the County and in New Hampshire generally began to decline the following year, and have continued to decline slowly to the present time. New Hampshire as a whole fared better during the 2001-2003 economic downturn than most of New England. Rockingham County, however, was somewhat more affected, as illustrated in Table 2 and Figure 7. A significant fraction of total employment in the County is found in the Lawrence-Methuen-Salem NH-MA and Haverhill-No. Andover-Amesbury NECTAs which have significantly higher unemployment rates than the other labor market areas in the County. This is due in part to the higher percentage of workers dependent on jobs in neighboring Massachusetts. As a result, the Rockingham County unemployment rates and trends represent a blending of Southern New Hampshire and Lower Merrimack Valley unemployment factors.

Though unemployment in Rockingham County is unlikely to return to the historically low levels of 1999-2000, there appears to be continued, though slowing, downward momentum in unemployment rates. Any potential impacts of the recent increases in energy prices on regional employment are not net evident.

² As a result of the 2000 Census, the Federal Office of Management and Budget (OMB) has revised the old and created new statistical areas. These changes are intended to reflect changes in employment and commuting patterns, but also reflect a change in the statistical method used to define and assign census blocks to urbanized areas. With the revised and new statistical areas the former Metropolitan Statistical Areas (MSAs) are now known as Core Based Statistical Area (CBSAs) as the new standard, and these are referred to as the "New England City and Town Areas" (NECTAs) in New England. In Metropolitan areas, MSAs and PMSAs are known respectively as MetroNECTAS and NECTA Divisions.

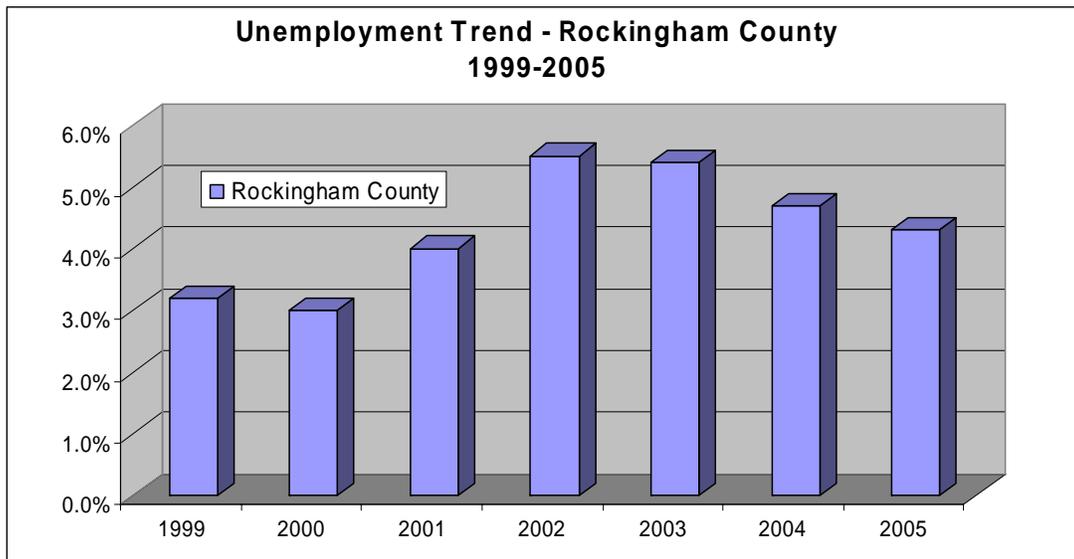
TABLE 2

AVERAGE ANNUAL UNEMPLOYMENT RATES							
	1999	2000	2001	2002	2003	2004	2005
Rockingham County	3.2%	3.0%	4.0%	5.5%	5.4%	4.7%	4.3%
Portsmouth-Kittery NH-ME NECTA	2.4%	2.4%	3.0%	4.1%	4.1%	3.6%	3.5%
Lawrence-Meth-Salem MA-NH NECTA, NH Portion	4.2%	4.1%	5.3%	7.2%	7.1%	6.4%	5.7%
Haverhill-No. And.-Ames. MA-NH NECTA, NH Portion	3.7%	3.1%	4.2%	6.0%	5.8%	5.3%	4.6%
Manchester NH NECTA	4.1%	4.3%	5.2%	4.3%	4.3%	3.7%	3.5%
Nashua NH-MA NECTA, NH Portion	3.1%	2.7%	3.9%	5.5%	5.3%	4.4%	4.0%
New Hampshire	2.8%	2.7%	3.4%	4.5%	4.4%	3.9%	3.6%
New England	3.2%	2.8%	3.6%	4.8%	5.4%	4.9%	4.7%
USA	4.2%	4.0%	4.7%	5.8%	6.0%	5.5%	5.1%

Source: NH Employment Security; US Bureau of Labor Statistics

Historically, the portion of the County with lowest unemployment is the Portsmouth labor market area, while the labor market areas containing Salem (Lawrence-Methuen-Salem) and Seabrook (Haverhill-No. Andover.-Amesbury) continue to show significantly higher unemployment.

FIGURE 6



Current Employment

Tables C-3 and C-5 from the 2005 CEDS Document have been updated to include the latest available information (2004) from the NH Department of Employment Security regarding the number of employers, employed person and wages on a town-by-town basis. (Covered Employment & Wage Annual Averages Report, 2004). Although the data is compiled and presented town-by-town (and summarized by CEDS subregion), in some smaller communities or where a single employer makes up more than 80% total employment, the data is suppressed and unavailable. Because of this the subregion subtotals **do not account for suppressed data**.

Table 3 below summarizes total employer, employment and wage information for the County and State for 2004 and changes from 2003.

The comparison of 2003 – 2004 data for Rockingham County shows total employment increasing by slightly under 3500 persons, continuing to rise at almost twice the rate of population growth. The total number of new establishments grew somewhat slower at 2.1%. Average weekly wages gained 6.7%, significantly more than in last period recorded in the CEDS when wages increased just 2.3%, and about 2.8% better than the inflation rate for 2003-2004.

The statewide results were roughly comparable in growth of population and employers (units) but wages grew somewhat less at 5.0% and employment grew at a little more than half the rate of the County, at 1.5%.

TABLE 3

Changes in Employment – 2004 to 2005

Town/Area	2003			2004			# CHANGE: 2003-2003		PERCENT CHANGE: 2003-2004	
	Estab-lish-ments	Avg. Annl. Employ-ment	Average Weekly Wage	Estab-lish-ments	Avg. Annl. Employ-ment	Average Weekly Wage	Estab-lish-ments	Avg. Annl. Employ-ment	Estab-lish-ments	Avg. Annl. Employ-ment
CEDS Eastern Towns	4,543	65,438	NA	4,608	66,384	NA	65	946	1.4%	1.4%
CEDS Central Towns	1,494	16,559	NA	1,573	16,585	NA	79	26	5.3%	0.2%
CEDS Western Towns	3,645	48,332	NA	3,706	49,740	NA	61	1,408	1.7%	2.9%
Rockingham County	9,682	130,329	\$725.68	9,881	133,803	\$774.11	199	3,474	2.1%	2.7%
New Hampshire	42,456	604,198	\$717.94	43,403	613,327	\$753.70	947	9,129	2.2%	1.5%

Source: NH Economic and Labor Market Information Bureau, "Covered Employment & Wage Annual Averages"

Note: 2003 year data used for 2 towns in the Eastern subregion in which 2004 data was suppressed

Considerably more variation is seen at the sub-region level and for specific towns (See Table C-5 in Appendix 3). The greatest job growth between 2003 and 2004 has occurred in the Western sub region, where about 1408 or about 3% new jobs were added. The Eastern sub-region grew at about half that rate, adding 946 jobs, and the Central sub-region added only 26 jobs. Surprisingly, the Central area added more new establishments than the others.

4. Housing

A. Changes in Housing Supply

Changes in housing supply are monitored in the CEDS using data from the NH Office of Energy and Planning. These estimates, which include the number of new single family, multi-family and mobile homes constructed, are generated from building and occupancy permit data received from communities each year. As of May of 2006, the 2005 estimates are not yet complete as results have not been received from over one-third of the towns in the County. As a result, the data shown in Table B-1 in the 2005 CEDS Appendix remains the most up-to-date available. An updated Table will be added when available.

B. Housing Purchase Price Data

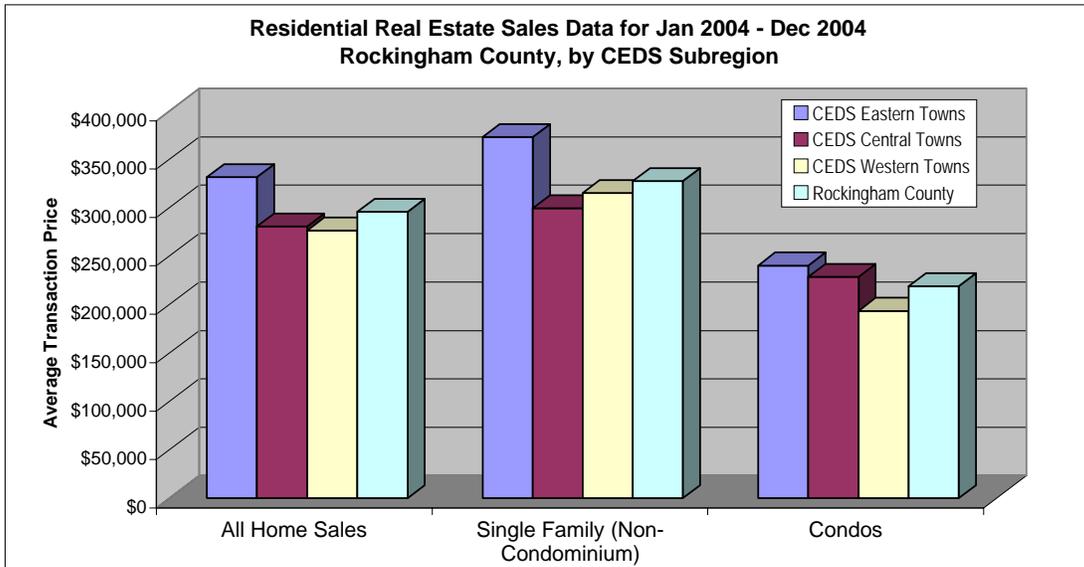
From 2001 to 2004 the Rockingham Planning Commission acquired residential real estate transaction data from Real Data Corp. covering Rockingham County. This activity has been funded under an annual SEED grant from the CDFA for the purpose of enhancing the RPC's ability to track and analyze trends in purchased housing costs for use in the regional housing needs analysis discussed above. This activity is no longer funded, however, the RPC has acquired equivalent data from the NH Housing Finance Authority for two of the three tracked housing types (condominiums, mobile homes, and non-condominiums³). Mobile home sales data is no longer available.). Summarized results for the County covering the 12 month period from January 2004 - December are presented in Table B-5 in Appendix 3.

Some 5042 sales were reported for this 12 month period, with average transaction prices ranging widely from \$139,000 in the condominium category in Sandown, (based on 17 sales) to \$879,000 in the single family home category in New Castle (based on 11 sales). These values are not necessarily statistically reliable in that they are based on relatively few records, especially in smaller towns. As expected, Towns in the Eastern sub-region show consistently higher prices averaging \$331,000, while the Central and Western sub-regions report averages of about \$280,000. (see Figure 8).

³ For simplicity we have labeled non-condominiums as "single family homes", the dominant category, though it may also include some sales of duplexes and other multi-unit buildings

Towns with older and more diverse housing stock, such as Portsmouth, Hampton, Exeter, Salem and Derry have average sales prices that are significantly lower than their sub-region's average. County wide, the average single family home sales value was just over \$300,000. Condominiums averaged 65% of the single family home value and mobile homes averaged 22%.

FIGURE 8



In 2005, Rockingham County continued to exhibit the highest housing costs in the state, both in purchase prices for owned homes, as well as for rental prices. The NH Housing Finance Authority's annual purchase price data for the state shows Rockingham County with an average purchase price for all homes of \$303,900, a 7% increase over 2004. Hillsborough County had the second highest purchase price average, but at \$263,000, was substantially below Rockingham County's. See Table 4.

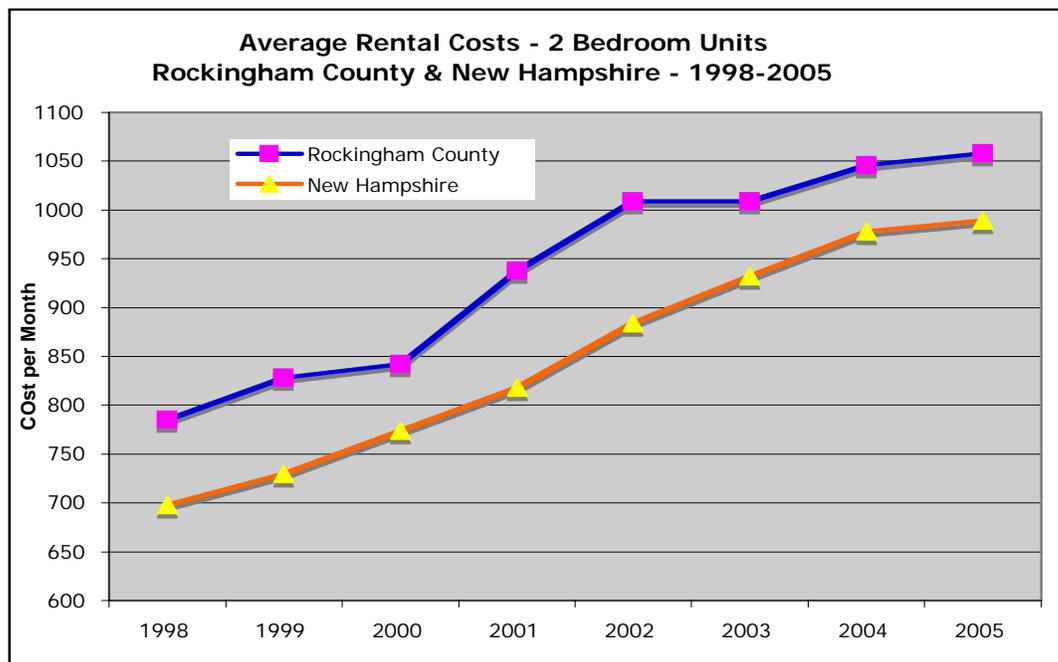
TABLE 4
Housing Purchase Prices, All Homes – 2000-2005
Source: NH Housing Finance Authority

	2000	2001	2002	2003	2004	2005	Change Since 1998
<i>Rockingham County</i>	<i>\$180,900</i>	<i>\$209,900</i>	<i>\$244,900</i>	<i>\$265,000</i>	<i>\$284,525</i>	<i>\$303,900</i>	<i>68.0%</i>
Belknap County	\$115,000	\$128,000	\$149,750	\$175,000	\$194,000	\$220,000	91.3%
Carroll County	\$109,900	\$125,500	\$142,933	\$165,000	\$195,000	\$210,000	91.1%
Cheshire County	\$113,131	\$122,500	\$139,900	\$159,000	\$177,000	\$191,000	68.8%
Coos County	\$69,900	\$65,000	\$75,000	\$87,000	\$93,000	\$105,000	50.2%
Grafton County	\$104,000	\$118,000	\$129,900	\$153,000	\$181,000	\$199,000	91.3%
Hillsborough County	\$149,900	\$172,000	\$203,700	\$225,000	\$249,900	\$263,000	75.5%
Merrimack County	\$129,900	\$145,000	\$172,500	\$195,000	\$222,000	\$234,000	80.1%
Strafford County	\$128,500	\$156,000	\$175,000	\$199,500	\$220,000	\$235,000	82.9%
Sullivan County	\$90,000	\$107,000	\$120,000	\$134,000	\$147,000	\$170,500	89.4%
New Hampshire Statewide	\$143,000	\$162,000	\$189,900	\$215,000	\$237,400	\$250,000	74.8%

Though not evident yet in these numbers, most recent purchase price surveys indicate a cooling of the housing market in the County, as evidenced by slightly moderating prices, greater inventory and longer average time on the market for unit's for-sale. This is due to several factors including rising interest rates over the past year, the impact of sharply higher energy costs, and, according to some recent analyses in neighboring Massachusetts, the loss of labor force to states with more affordable housing and lower overall cost of living.

The average rental cost for a standard 2 bedroom unit in 2005 rose to \$1058 per month in Rockingham County, up from \$1046 the year before – a modest 1% rise, and about a 3% decline when inflation is factored in. While the highest in state, the past year's increase was small in comparison to recent years, and represents a moderating trend in rental prices that began in the 2001-2002 recession. See Figure 9. Prior to that time, from about the mid 1990s, rental costs in the County were rising at 6%-8% per year.

FIGURE 9



B. State of the Economy

With the announcement that the Portsmouth Naval Shipyard would be maintained, a huge sigh of relief reverberated throughout Rockingham County. The prospect of losing the region's major job generator was almost impossible to fathom. However, it became clear after the announcement that the region needed to prepare for the future and to work closely with their counterparts in Maine. That's how the Bi-State Summit was conceived and the interactions from the Summit in September will elevate the discussions about the economic future of the bi-state region.

Based upon the unemployment figures in the Five-Year CEDS from January 2005, the region's economy was improving, even though there were still a number of layoffs. Rockingham County's unemployment rate had declined from 6.5% in January 2003 to 4.8% in January 2005, while the national unemployment rate had declined at a smaller rate from 6.5% in January 2003 to 5.7% in January 2005. The State's unemployment rate was even better; declining from 5% in January 2003 to 4% in January 2005. As outlined in the previous section, the unemployment rates for the nation (4.8%), state (3.7%) and county (4.0%) in March 2006 were all reduced from January 2005. This trend continues into April 2006 when the national unemployment rate declines to 4.5%, the state unemployment rate falls to 3.4% and the county unemployment rate dips to

3.6%. These unemployment rates are beginning to resemble the unemployment rates when the CEDS process began in 2000. It appears that New Hampshire has shaken off the recession of the early 2000's and begun to approach full employment once again.

Even though the county as a whole has done well, there are still "pockets of distress" that are lagging behind the recovery felt in the rest of the county. Last year those "pockets of distress" were Plaistow, Salem and Seabrook, which experienced unemployment rates more than 1% higher than the national unemployment rate. Based upon the average unemployment rates for the twenty-four month period from January 2003 through December 2004, Plaistow (7.2%), Salem (7.2%) and Seabrook (7.3%) were more than 1% higher than the national unemployment rate (5.8%). As the economy has improved, the "pockets of distress" have changed somewhat. For the period from January 2004 through December 2005, the average national unemployment rate was 5.3%. Only Seabrook (6.6%) had an average unemployment rate during this period 1% higher than the national unemployment rate. Salem (6.0%) had extensive layoffs at Celestica, Adecco SA and Cisco Systems that hadn't fully impacted the unemployment rate yet, but still fell short of being more than 1% above the average national unemployment rate. Plaistow (5.6%) fell short of the 1% mark as well for this period. The most recent unemployment figures in March 2006 and April 2006 show that Seabrook is the only community with an unemployment rate more than 1% higher than the national unemployment rate. In March 2006 Seabrook's unemployment rate was 7.1% as compared to the national unemployment rate of 4.8%, while Seabrook's unemployment rate declined to 5.9% in April 2006 as did the national unemployment rate at 4.5%.

The number of layoffs being experienced by Rockingham County companies has declined during this past year. As summarized in Table 1 of the CEDS Data Update section, the total number of layoffs in Rockingham County between July 1, 2005 and April 30, 2006 was 620 jobs with the largest layoff being experienced by Celestica in Salem at 420 jobs due to the plant closing. These figures are more positive than the 1,005 layoffs at sixteen (16) businesses experienced last year as compiled by the New Hampshire Department of Resources and Economic Development (DRED).

New Hampshire Economy

In the *Summary of the New Hampshire Economy, Fall 2005*, the New Hampshire Employment Security Department recalled how the region breathed a sigh of relief about the BRAC decision to keep the Portsmouth Naval Shipyard open and then was hit with the aftermath of Katrina and Rita. In September 2005 consumer confidence experienced its steepest decline in 2005. Due to the manufacturing cutbacks in 2000-2001, the Gross State Product for New Hampshire declined rapidly. However, with the improving economy, the state's Gross State Product matched the national growth rate by 2002 and has been increasing through 2004. The 2001 recession was followed by an extended "jobless recovery" and it wasn't until 2003-2004 that New Hampshire started seeing appreciable job growth. The Manufacturing sector in New Hampshire has traditionally maintained a higher share of the economy than at the national level and

that is one reason why the state was hit so hard by the 2001 recession. From September 2003 through September 2005 the manufacturing sector in New Hampshire has had stable employment levels. During the 2001 recession, the manufacturing portion of the high tech industry experienced a loss of employment while the service-providing portion increased. Since 2003 high tech employment has stabilized and has started to grow again through June 2005. The export industry in New Hampshire, which is led by computer and electronic products, machinery and electrical equipment, appliances, and components, was seriously impacted by the 2001 recession. In particular, computer and electronic products exports peaked in 2000 and then hit bottom at \$ 147 million. By the end of the second quarter of 2005, exports from this industry had recovered to an export value of \$210 million. The overall conclusion is that New Hampshire's economy is improving at a steady and measured pace.

The New Hampshire Economic & Labor Market Information Bureau publishes monthly reports on the New Hampshire economy entitled *Economic Conditions in New Hampshire*. These monthly reports provide a diverse range of information about the New Hampshire economy and extensive data on the most recent unemployment figures. The data for New Hampshire is compared with the national economy, as well as the subsets of the New Hampshire economy. During the past year, these monthly reports have included stories on different aspects of the state economy that provide a glimpse behind the numbers and an overall appreciation for what's happening to the state economy. Summarized below are some of the findings in recent editions of the monthly report that provide a better understanding of the regional economy:

- The October 2005 edition of the *Economic Conditions in New Hampshire* focused on the Small Firm Trends in New Hampshire: 2000-2004. Defining firms as small businesses employing fewer than 50 people in the private sector, the Bureau obtained summary employment data from the Quarterly Census of Employment and Wages (QCEW) program for 2000 through 2004. During this period of time, approximately 40% of the total private workforce in New Hampshire was employed in a small firm. The analysis of small firms by industry demonstrates that industries such as construction (98%), trade, transportation and utilities (96%), professional and business services (96%) and other services (99%) exceed the average state percentage of small firms of 95%. Manufacturing employment levels for small firms declined steadily through 2004. The "dotcom" phenomenon increased the number of small firms up to 2000 when the phenomenon ended and the small firms disappeared. Small businesses have been the key to the positive economic growth in the state economy.
- The November 2005 edition of *Economic Conditions in New Hampshire* focused on Manufacturing. Between 2003 and 2004 there was a net loss of 216 manufacturing jobs at the state level. However, as with any industry, there was a great deal of job shifting within the sub sectors of this industry. While Semiconductor and electronic component manufacturing lost half its workers between 2000 and 2003, it was able to increase its workforce by 529 workers between 2003 and 2004. Electronic instrument manufacturing employment increased by more than 500 jobs between

2003 and 2004 after losing a significant number of jobs between 2000 and 2002. Electrical equipment manufacturing lost 300 jobs between 2001 and 2003 and then gained 55 jobs between 2003 and 2004. The biotech industry lost 206 jobs in Pharmaceutical and medicine manufacturing between 2003 and 2004 after growing by more than 25% between 2001 and 2002. Although this sector of the biotech industry may be losing jobs, the research and development sub sectors of the industry, such as Scientific research and development services, have experienced significant growth. After a decline of approximately 20% from 2002 to 2003, employment in Scientific research and development services in New Hampshire grew by 11.2% from 2003 to 2004, as compared to a 1.8% growth nationwide. **The manufacturing industry in New Hampshire should be viewed as an ever-changing dynamic among its sub sectors, not as the declining industry that it has been portrayed as.**

- The February 2006 *Economic Conditions in New Hampshire* focused on Health Care and Social Assistance in New Hampshire. While average quarterly covered employment in New Hampshire grew from 616,442 jobs in the second quarter of 2004 to 623,499 jobs in the second quarter of 2005, Health care and social assistance added the most jobs (1,814) of any industry sector. Due to the strong growth for the last decade, Health care and social assistance employment will soon surpass the manufacturing sector as the state's second largest employment sector. In the second quarter of 2005, the average weekly wage for an employee in this sector was \$ 733.35, as compared to the average for all industries of \$754.63 and the average for manufacturing firms of \$ 936.31. The four sub sector groups of this industry sector – Ambulatory and health care services; Hospitals; Nursing and residential care facilities; and Social assistance – varied in their employment growth. Employment in Ambulatory and health care services grew by 2.6% between the second quarter of 2004 and the second quarter of 2005, which was comparable to the annualized growth rate of 2.7% from 2000 to 2005. However, Medical and diagnostic laboratories and Health home care services experienced declines in overall employment for the year. Hospital employment grew by 3.5% (862 jobs) during the period from the second quarter of 2004 to the second quarter of 2005 with General medical and surgical hospitals adding the most jobs of any industry group within Health care and social assistance. Employment in the Nursing and residential care facilities sub sector showed mixed results – employment in community care facilities for the elderly grew by 11.9% over the year and 11.3% during the past five years, while Nursing care facilities employment declined by 1.3% for the year, but increased by 3.1% between 2000 and 2005. Social assistance employment did not experience any substantial growth for the year or the past five years due to declining government funding.

At a recent Exeter Area Chamber of Commerce breakfast forum, Professor Ross Gittell of the University of New Hampshire stated that New Hampshire will set the pace for New England in overall economic growth and employment growth this year. As the only state in New England experiencing economic growth above the U.S. average, New Hampshire's economy should grow by 3.5% in 2006, as compared to the national rate of 3.3%. Professor Gittell cited the components of the New Hampshire "advantage" – a

highly-educated and skilled workforce, the low cost of doing business, high per capita income, Manchester-Boston Regional Airport and the quality of life. Professor Gittell noted the state's stagnant manufacturing sector, particularly in high technology, and suggested that contract manufacturing, which had moved offshore, is not likely to return to New Hampshire.

Rockingham County

The economic trends occurring at the state level are generally comparable in Rockingham County. As outlined in the 2005 CEDS, there are some similarities and differences between the industrial and workforce composition at the state level and in Rockingham County. In general, the economy has performed slightly better in Rockingham County than in the state as a whole. The information in this section supplements and updates the information in last year's CEDS. In particular, the data focuses upon the employers in Rockingham County.

The *New Hampshire Economic Review* (October 2005) is published annually by the Public Service of New Hampshire Economic and Community Development Department and provides an extensive amount of data on the State of New Hampshire for prospective investors and companies interested in relocating. In reviewing this data, we have pulled together the information on manufacturing, service sector and new employers in Rockingham County, as well as the industrial parks in the county, and organized the material in a readable format. The information was compiled from four charts in the *Economic Review*: Top 30 Manufacturing Employers in New Hampshire, Top 30 Service Sector Firms in 2004, New Firms Locating in New Hampshire in 2004 and New Hampshire Industrial Parks.

Chart I provides information on the Rockingham County Employers within the State's Top 30 Manufacturers for 2004. Based upon the number of New Hampshire employees working for each employer, Tyco International, the Timberland Company, Hutchinson Sealing Systems, Inc. and Lonza Biologics represent some of the larger companies in Rockingham County.

Chart I- Rockingham County Employers in the State's Top 30 Manufacturers

Rank	Company and NH HQ or Major Location	Employees in 2004	Parent Company	Products
11	Tyco International Portsmouth, NH	857	Tyco International	Diversified manufacturer and service company. www.tycoint.com
16	The Timberland Co. Stratham, NH	650	The Timberland Company	Designs, engineers, markets, distributes and sells premium-quality footwear, apparel and accessories for men, women and children. www.timberland.com
18	Hutchinson Sealing Systems, Inc. Newfields, NH	575	Hutchinson Paris, France	Design and manufacturer of rubber and plastic sealing systems for auto OEM and other products. www.hutchinsonrubber.com
26	Lonza Biologics Inc. Portsmouth, NH	438	Lonza Group Ltd. Basel, Switzerland	Manufacturer of therapeutic monoclonal antibodies and recombinant proteins from mammalian cell cultures. www.lonzabiologics.com

Source: *NH Business Review, 2005 Book of Lists*

Similarly, in Chart II, the Rockingham County companies that were listed in the State's Top 30 Service Sector Firms as of 2004 are identified below. These companies include Shaw's Supermarkets, Sears at the Fox Run Mall, Portsmouth Regional Hospital, Exeter Hospital and Sunbridge New Hampshire Region in Exeter. Chart II below provides summary information on these five service sector firms:

Chart II- Rockingham County Employers in the Top 30 NH Service Sector Firms

Rank	Company and NH HQ Or Major Location	HQ or Major Location	NH Employees In 2004
4	Shaw's Supermarkets	Stratham	4,600
15	Sears (Fox Run Mall)	Newington	1,626
25	Portsmouth Regional Hospital	Portsmouth	1,045
26	Exeter Hospital	Exeter	1,034
27	Sunbridge New Hampshire Region	Exeter	1,000

Source: *New Hampshire Business Review, 2005 Book of Lists*

The New Hampshire Department of Resources and Economic Development (DRED) provided a listing of the new firms locating in New Hampshire in 2004. As summarized in Chart III on the next page, four of the eleven firms identified by DRED located in Rockingham County and contributed to 35% of the newly acquired or rented building space and 40% of the total new employment. These investments helped spur the regional economy and pay for basic services.

Chart III- New Firms Locating in Rockingham County in 2004

Company Name	City/Town	Building Area in Sq. Ft.	Number of Expected Employees	Product
Amitron/Anaren Ceramics	Salem	70,000	90	Manufacturer of high-power resistive components and ceramic circuits.
Fireplace Products Inc.	Newington	27,400	6	Fireplace products
Nitro Data Systems/ NitroSecurity	Portsmouth	10,000	25	Database and security technologies
Yankee Gas and Fireplace	Londonderry	50,000	25	Wood and gas stoves, inserts and other hearth products
Total – 4 firms		157,400	146	
State total – 11 firms		454,700	369	

*Source: New Hampshire Department of Resources and Economic Development
Business Resource Center*

The Industrial Parks in Rockingham County as of 2004 are summarized in Chart IV:

Chart IV- Rockingham County Industrial Parks

Name/ Location	Contact/ Phone	Total Acres/ Available Acres/ # Lots Available	Current Tenants
Clark Farm Industrial Park, Symmes Drive, North Londonderry	Andy Levy, CCIM 603-434-6700	370/46/1	DND
Londonderry Eco Park, Londonderry	J. Ryan Bielagus/ Robert Rohrer, 603-623-0100	100/17.4/2	AES Corp., Buderus Hydronic, Ride Away
Londonderry Eco Park, 49 Wentworth Avenue, Londonderry	Greg Kirsch, 603-527-9090	100/4.5/1	Buderus Hydronics, Gulf, South Medical Supply, Venetek Communications
Londonderry Industrial Park, Industrial Drive, Londonderry	William Leurs 603-889-0009	290/290/Divisible	None
Salem Industrial Park, 15-18 Manor Parkway, Salem	Chris Goodnow, 603-893-5000	500/6.9/2	Advance Polymers, Airgas, Cisco
Wellington Business Park, Dartmouth Drive, Auburn	Tom Duffy 603-845-2101	140/38/5	Aquarion, New England Equipment Upfitters, Fischer Skies
Liberty Lane Office Park, Liberty Lane, Hampton	Cushman & Wakefield of NH, 603-669-1854	162/90/DND	Fisher Scientific, Unitil, Wheelabrator
Pease International Tradeport, 360 Corporate Drive, Portsmouth	David Mullen, 603-334-6031	3,000/170/20	198 tenants including Liberty Mutual, Ingersol Rand Energy System, Lonza Biologics

DND – Did not disclose

*Source: Business NH Magazine, June 2005 and
New Hampshire Business Resource Center's NEDDS database*

The final chart was prepared through the use of data provided by Business NH Magazine – Book of Lists 2005. Chart V provides a more recent update of the twenty largest employers in Rockingham County:

Chart V- 20 Largest Employers in Rockingham County as of 2005

	EMPLOYER	TOWN	DISCIPLINE	# OF EMPLOYEES
1.	Portsmouth Regional Hospital	Portsmouth	Hospital	1,045
2.	Exeter Regional Hospital	Exeter	Hospital	1,034
3.	Tyco International	Portsmouth	Manufacturing	857
4.	Timberland Co.	Stratham	Public	650
5.	Parkland Medical Center	Derry	Hospital	604
6.	Northeast Rehab Hospital	Salem	Hospital	600
7.	Hutchinson Sealing Systems	Newfields	Manufacturing	575
8.	Lonza Biologics Inc.	Portsmouth	Foreign	438
9.	UNITIL	Hampton	Public	322
10.	Lindt & Sprungli	Stratham	Manufacturing	300
11.	Westinghouse Electric	Newington	Manufacturing	205
12.	Stoneyfield Farm Inc.	Londonderry	Manufacturing	238
13.	Continental Microwave & Tool Co.	Exeter	Manufacturing	196
14.	New England Homes, Inc.	Greenland	Manufacturing	190
15.	High Liner Foods	Portsmouth	Manufacturing	180
16.	Sheraton Harborside	Portsmouth	Hotels	180
17.	Seacoast Newspaper	Portsmouth	Manufacturing	170
18.	Bottomline Technologies	Portsmouth	Public	173
19.	Hampstead Hospital	Hampstead	Hospital	155
20.	Fisher Scientific	Hampton	Public	130

Note: Excluding service, retail, government, but including manufacturing, public, foreign and private companies, hotels and hospitals.

Source: Business NH Magazine – Book of Lists 2005

C. Industry Cluster Update

During the past few years, REDC has been active in identifying industry clusters within the region as a means to focus upon those industry groups that are likely to grow in the future due to the favorable conditions in the region. Originally working with Professor Charles Tontar of Merrimack College, REDC was able to identify industry clusters based principally upon their location quotients. This information helped REDC focus upon those industries that enjoyed greater prominence in Rockingham County than in the nation as a whole. In 2004 REDC worked with the University of New Hampshire Small Business Development Center (UNH-SBDC) and Professor Ross Gittel under a \$ 100,000 grant from EDA designed to identify industry clusters in three different New Hampshire counties, including Rockingham County. With the compilation of

“Rockingham County Leading Industries and Economic Opportunities” in February 2005, the Rockingham County EDD had a complete overview of the industry clusters in the region. Among those industries identified as a leading industry cluster were software publishers.

The development of this extensive amount of information was valuable to the annual comprehensive economic development planning process undertaken by the Rockingham EDD and was generally encouraged by EDA as a means to identify future growth industries and to ensure that better-paying jobs were created in the future. However, this information needed to be taken to the next level so that it would translate into new jobs and economic expansion in the region. Therefore, the businesses within these industry clusters in Rockingham County needed to be identified as well as their specific needs outlined. The project goal was to identify barriers to expansion, and develop a follow-up program to ensure those needs were addressed.

Fortunately, REDC had an opportunity to work with UNH-SBDC under the same EDA grant that produced the initial report on the leading industry clusters in Rockingham County. Working directly with Janice Kitchen of the UNH-SBDC on a \$ 5,000 budget, REDC was able to develop a pilot program called the **Advancing Industry Clusters in Rockingham County** project, which was designed to identify the specific needs of businesses within an emerging industry cluster – biotechnology – and an established industry cluster – software development – and to utilize this information to develop a work plan to assist these Rockingham County businesses during the 2007 CEDS program year.

The **Advancing Industry Clusters in Rockingham County** project began with the establishment of contract agreements between UNH-SBDC and REDC and REDC and Community Solutions, Inc. (CSI), the project’s consultant. Once the agreements and the work plan had been established, the businesses in the biotechnology and software development industry clusters located in Rockingham County needed to be identified. With the assistance of the Biotech Council, some feedback from the Software Association of New Hampshire (SwANH) and information from the New Hampshire Department of Resources and Economic Development (DRED), forty-six (46) companies from both industries (biotech – 10; software development – 36) were identified. The next step was to develop a survey that could pull together limited information on the company, while identifying the reasons for their location in Rockingham County, the barriers they faced in doing business and the opportunities they saw in working with other economic development stakeholders in the region. Different business groups, including Chambers of Commerce in the region, and DRED were contacted to determine if they had undertaken similar surveys. Copies of available on-line surveys from the different Chambers of Commerce in Rockingham County and the U.S. Department of Commerce’s biotech survey entitled “Use of Biotechnology in U.S. Industry” were reviewed to understand the types of questions to be considered for the survey. As a result of this initial research and discussion among the project partners, a three-page survey was finalized that could be completed quickly and on-line by the respondents.

The survey was e-mailed to all the identified biotech and software development firms with a note from REDC explaining the purpose of the survey, how the information would be used and asking them if they would attend a Public Forum at a later date at which time the survey results would be presented. For the nine (9) surveys that were undeliverable by e-mail, copies of the survey were mailed directly to them. Telephone follow-up was also initiated to encourage the submission of the surveys. As a result of this effort, seven (7) surveys were returned for a response rate of 15.2%.

The survey results showed that three biotech (MSM Protein Technologies, Glycofi and Pall Euroflow Limited) and four software development (Alternative System Concepts, Inc., Newpoint Technologies, Inc., Newmarket International, Inc. and Software Resources, Inc.) firms completed the survey. Three firms described themselves as Research and Development firms, one was a service-oriented firm, another was a manufacturer and two firms described themselves as “other”. For the most part, the firms that responded to the survey were small firms with four of them employing 1-5 workers and one employing 11-25 workers, although two firms of 51-100 employees and 101-250 employees were represented in the survey sample. The majority of the firms responding had been in Rockingham County for two years or less, while three firms had been in the county for 11-19 years. In terms of identifying the primary benefits from operating at their present location, the most popular responses were the ***skilled labor force, low costs and quality of life.***

The section within the survey on Business Needs attempted to identify the specific barriers facing the businesses in growing their operations, while also identifying opportunities for assistance in areas such as financing, export assistance and worker training. In identifying the barriers to the individual firms, the respondents were asked to prioritize the barriers on a scale from 1 (low) to 4 (high). The barriers identified with the highest rating (4) were access to capital (twice), high energy costs and unfair competition. The next highest rating (3) was assigned to access to technology (twice), lack of trained workers (twice), lack of appropriate training courses, current federal or state laws, current federal or state regulations, distribution and transportation costs, local zoning and permitting practices (twice), high rent or mortgage payments, insufficient R & D resources (twice), lack of cost-efficient suppliers, lack of familiarity with public programs, patent fees and approval process, and hazardous materials issues. The most frequently cited barrier was lack of trained workers, which was identified by five of the seven respondents.

In terms of identifying opportunities for assistance, only two firms indicated that they needed access to additional private or public financing. Three firms responded that their growth depended upon access to foreign markets, while three firms indicated that they saw a need for improvement in the quality of the labor force. Two firms were experiencing difficulties with patents or licensing agreements and five of the seven firms responded that they had access to local suppliers to keep their costs down. The question on whether there would be a need for increased space requirements within the next 12-18 months received a mixed response: 2 yes, 3 maybe and 2 no. Three firms

expressed an interest in federal or state contract opportunities and in increased access to the higher education system for trained workers or special training courses. Only two firms responded that they wanted to learn more about reducing their utility costs (two firms said maybe).

The last section of the survey provided an opportunity for the respondents to make their own recommendations on how REDC and UNH-SBDC could assist them to grow. The recommendations ranged from improving the state's commitment to recruiting and supporting businesses to finding investment capital to addressing issues related to college interns providing business support and export assistance. In terms of identifying those organizations most likely to provide the respondents with the greatest level of support, the biotech firms generally identified the Biotech Council, workforce development groups and educational institutions, while the software development firms identified a broad range of organizations. For the most part, these firms expressed interest in attending a Public Forum related to addressing the needs of cluster industry firms in Rockingham County.

Although the number of responses to the survey was limited, the quality of the responses was quite good and the response rate generally exceeded the normal response rate. Through the survey results, REDC can identify areas that need to be addressed and has already scheduled a Public Forum on July 19, 2006 entitled ***"Financing Fast Growth in New Hampshire"***. Supported by a grant from Sovereign Bank, this seminar will attempt to address some of the survey results related to the need for private financing. The Advancing Industry Clusters in Rockingham County project provided some interesting information and identified some of the needs that need to be addressed in order to expand the biotech and software development industry clusters. Working directly through the Biotech Council and SwANH, REDC will be able to reach their members directly and to elicit their opinions on these issues more completely. Given the limited resources available to undertake this pilot program, the results were fairly encouraging. REDC wishes to thank UNH-SBDC and EDA for their assistance in making the pilot project possible and the seven firms that participated in the survey for their willingness to work with REDC on this critical project.

Part V - Development Strategies

A. CEDS Project RFP Process

The CEDS RFP process has been refined over the years to target and develop projects that are consistent with EDA Planning Investments and are also likely to be eligible for EDA funding. Throughout the year, municipal projects are identified either through newspaper coverage, information received from Board members and from CEDS Steering Committee members, or directly from the municipality in contacting the REDC. REDC staff will generally visit the municipality and/or project site to understand the goals of the municipality or private developer, the project and the proposed funding sources. In reviewing the proposed project, a discussion of the region's Goals and Objectives takes place to ensure that the project is consistent with the CEDS Goals and Objectives. Discussion of potential funding sources, lead time, qualifications, criteria, scoring takes place to make sure the right project is targeted to the right funding sources. Staff then encourages the municipality to submit the project for consideration on the CEDS Priority Project List, when the "Request for Projects" officially goes out to all municipalities.

During the past CEDS year, REDC staff have met with or visited the Town of Raymond as they begin a major mixed use development at exit 4, Route 101 in Raymond. REDC staff has met several times with the Town of Newmarket in discussing the major downtown renovation and infrastructure upgrading project that will begin early next year. The dislocated downtown business community seeks Business Interruption Assistance. The REDC is part of a team to explore options to assist those affected businesses retain jobs in the community. The downtown re-development project is also a CEDS project.

The CEDS group encourages participation in the CEDS Steering Committee from any municipality that is actively involved in a major development project. In this way, project updates are regular and on-going.

On or about March of each year, the REDC sends out a "Request for Projects" letter to each of 37 municipalities that comprise Rockingham County. Included with this mailing is a list of the Goals and Objectives for the region, and the Project Selection Criteria. Potential project proponents are encouraged to contact the REDC office for further technical assistance in documenting the project. Project Update forms are then sent to all existing projects on the list. Additionally, the REDC staff solicits and notifies all other persons participating in CEDS Vision groups via email, that new projects and updates on existing projects are due under deadline.

With on-going project development throughout the year, and the official notification process in March, all avenues are covered in promoting the CEDS regional Priority Project List. The CEDS Steering Committee, as its' April 2006 meeting, requested that new and future projects submitted must be presented in person, so the Steering Committee has an opportunity to ask questions and be better informed on new projects. The CEDS RFP package can be found in Appendix 5 of the CEDS Update 2006.

B. FY 2006 EDA Investment Policy Guidelines

EDA has established Investment Policy Guidelines for its grantees to ensure that the projects funded address specific goals. REDC utilizes these guidelines whenever it is applying for EDA funding or is working with prospective EDA applicants. These guidelines are consistent with what REDC utilizes in its own review activities for CDBG loan funding and reflect the spirit of entrepreneurship of Rockingham County. These guidelines have been made available to prospective project applicants during this year's RFP process to ensure that all Rockingham County projects meet these guidelines. As established by EDA, the Investment Policy Guidelines for FY 2006 are as follows:

Investment Policy Guidelines

FY 2006

Investment applications will be competitively evaluated on their ability to meet or exceed the following investment policy guidelines:

Be market-based and results-driven. An investment will capitalize on a region's competitive strengths and will positively move a regional economic indicator measured on EDA's Balanced Scorecard, such as: an increased number of higher-skill, higher-wage jobs; increased tax revenue; or increased private-sector investment.

Have strong organizational leadership. An investment will have strong leadership, relevant project management experience, and a significant commitment of human-resources talent to ensure a project's successful execution.

Advance productivity, innovation and entrepreneurship. An investment will embrace the principles of entrepreneurship, enhance regional clusters, and leverage and link technology innovators and local universities to the private sector to create the conditions for greater productivity, innovation and job creation.

Look beyond the immediate economic horizon, anticipate economic changes, and diversify the local and regional economy. An investment will be part of an overarching, long-term comprehensive economic development strategy that enhances a region's success in achieving a rising standard of living by supporting existing industry clusters, developing emerging clusters, or attracting new regional economic drivers.

Demonstrate a high degree of commitment by exhibiting:

- High levels of local-government or nonprofit matching funds and private-sector leverage.
- Clear and unified leadership and support by local elected officials.
- Strong cooperation between the business sector, relevant regional partners, and local, state and federal governments.

C. 2006 PRIORITY PROJECT LIST

1. TOP PRIORITY PROJECTS

(UP TO 18 MONTHS TO COMPLETION)

EDA FUNDING CANDIDATES

1. **Rte. 125 Infrastructure South – Drakes Site - Epping**

Total cost: \$1,000,000

Completion of water and sewer lines to Drakes Site south of Rte. 101 on Rte. 125. Second leg of the infrastructure development of the proposed regional shopping center at Epping Crossing.

2. **Main Street Reconstruction Program – Newmarket**

Total cost: \$3-4,000,000

Phase 2 – Main Street Downtown. TIF District Improvements. Implementation and construction of infrastructure and highways improvements.

3. **NH Biotechnology Incubation Space (warehouse conversion) – Pease Tradeport**

Total cost: \$ 1,000,000

Construction of a Process Development Lab for early stage clinical trials expanding the current Biotechnology Incubator.

4. **Epping Downtown – Feasibility Study**

Total cost: \$ 100,000

The purpose of this project is to conduct a feasibility study for planning the re-development of the downtown Epping area as it is integrated with the Epping Crossing Project.

NON-EDA FUNDING CANDIDATES

1. **Capitalization of the Regional Revolving Loan Fund - Countywide**

Total cost: \$750,000

Goal is to increase the supply of capital available for lending in the region to small businesses creating new jobs.

2. **Regional Sewer Project – Feasibility Study**

Total cost: \$1,000,000

Undertake wastewater management study for the coastal watersheds of New Hampshire to include a feasibility study and alternative analysis of undertaking a major sewer infrastructure project to combine sewer outfalls from some or all existing wastewater treatment facilities (Great Bay region).

3. **Stratham Fire Suppression District**

Total cost: \$1,000,000

The upgrading and replacement of water lines to provide fire suppression services to 100 businesses in the Route 33 corridor in Stratham. Job growth limited without the expansion of services. Project is 3 phased.

2. INTERMEDIATE PRIORITY PROJECTS (2-4 YEARS TO COMPLETION)

EDA FUNDING CANDIDATES

1. **Black Bear Business Park - Newmarket**

Total Cost: \$3,600,000

Development of Commercial Park. Design, planning and construction of a 2.5 mile access road to site, creating the potential for 600 new jobs in the region.

2. **NH Community Technical College – Emerging Technology Center – Pease Tradeport**

Total cost: \$ 6,000,000

Phase 2 – The renovation of 40,000 sq. ft. of space at the NHCTC’s Emerging Technology Center for a mixed use incubator to include biotechnology, nanotechnology, computer internet and electronic technologies. The space renovations will also allow for expanded college training programs and to relocate the Stratham campus programs to Pease.

3. **Squamscott Community Commons**

Total cost: \$ 8,000,000

This project seeks to purchase and renovate an existing underutilized building for the purpose of establishing an 80,000 sq ft. community center that will allow for integration and space sharing among a large group of non-profits and service organizations. This project will create numerous new jobs in the community, serve a public need, and renovate existing space.

4. **Newmarket Lamprey River Mills Re-development**

Total cost: \$ 8,500,000

This project is a specific project within the scope of the Essex Mill and Downtown Redevelopment. The purchase and renovation of this 75,000 sq. ft. mixed use space will create numerous jobs in the community, but also enhance the town's goal of a revitalized downtown area.

5. **Pettengill Road Commerce Park**

Total cost: \$ 5,000,000

The upgrading of Pettengill Road from a Class IV roadway to a Class V roadway will help stimulate development of over 1000 acres of industrially zoned land. This project is planned in conjunction with the NH DOT airport access road. The Town of Londonderry proposes to fund the project through Tax Increment Financing (TIF).

6. **Exit 4 Master Plan – Raymond (Phase 1)**

Total cost: \$ 80,000,000

The entire project will develop 300 acres of land for commercial, industrial and residential projects including Raymond's first wastewater treatment plant. Phase 1 will develop 40 acres of mixed use projects and the wastewater treatment plant on a current Brownfields site.

3. **LONG-TERM PRIORITY PROJECTS (5+ YEARS TO COMPLETION)**

NON-EDA FUNDING CANDIDATES

1. **Exit 4A New Ramp off of I-93 – Derry**

Total cost: \$ 25,000,000

Promote and provide better access to industrial area for economic development. Help relieve traffic congestion along Rte. 102 in Derry and Londonderry. New industrial and commercial development will create new jobs.

2. **Route 93 Widening – Western Sub region**

Total cost: \$350 - 450,000,000

This State Project is designed to alleviate severe traffic congestion on Route 93 from the NH/MA state line in Salem through Exit 5 in Londonderry.

3. Development of Railroad Station - Plaistow

Total Cost: \$1,900,000

The Town of Plaistow desires to construct a railroad station at a certain location in town in order to facilitate regional access for resident commuting with the Boston/Portland corridor. Funding not identified at this time.

4. Jack's Bridge Road TIF District

Total Cost: \$14,800,000

Phase I \$1,300,000

Phase II \$4,500,000

Phase III \$9,000,000

This project will create a roadway network and connection, along with related infrastructure improvements, to facilitate the development of over 400 acres of industrially zoned property.

4. PROJECT MATRIX

This Matrix identified which regional goals are supported by each project.

CEDS PROJECTS FOR THE ROCKINGHAM COUNTY REGION – 2006 *PROJECT MATRIX*

SHORT TERM PRIORITY PROJECTS (up to 18 months to completion)

<i>PROJECT NAME</i>	<i>PROJECT DESCRIPTION</i>	<i>PROJECT PROPONENT</i>	<i>TOTAL COST</i>	<i>FUNDING SOURCE(s)</i>	<i>START DATE</i>	<i>ENVIRONMENTAL IMPACT</i>	<i>GOALS ADDRESSED</i>
<i>Rte. 125 Infrastructure South – Drakes Site-Epping</i>	Completion of water & sewer lines to access new development site	Town of Epping	\$ 1M	EDA, state, local, private	2005	Yes	1, 2, 3
<i>Main Street Reconstruction Program – Newmarket</i>	Water, sewer and road upgrades as part of downtown revitalization	Town of Newmarket	\$ 3-4M	EDA, State, local TIF District	2005	Yes	1, 2, 3, 5
<i>NH Biotechnology Incubation Space – Pease Tradeport</i>	Process Development Lab – Expansion for Incubator	NH Community Technical College	\$ 1,000,000	EDA, DOL, State	2006	No	1, 3
<i>Epping Downtown – Feasibility Study</i>	Planning & development of a downtown district	Town of Epping	\$ 100,000	EDA, HUD, CDIP	2006	No	1, 2, 3, 5
<i>Capitalization of Regional Loan Fund</i>	Increase loan capital in region for business expansion	REDC	\$ 750,000	HUD, USDA	On-going	No	1, 3, 6
<i>Regional Sewer Project</i>	Feasibility study for major sewer project in multiple towns	Rockingham Planning Comm.	\$ 1,000,000	State, federal, local	2006	Yes	2, 4, 6
<i>Stratham Fire Suppression District</i>	Upgrade water lines in business corridor for job growth	Town of Stratham	\$1,000,000	Local, private	2006	Yes	2, 3, 6

INTERMEDIATE PRIORITY PROJECTS (2-4 Years to Completion)

<i>PROJECT NAME</i>	<i>PROJECT DESCRIPTION</i>	<i>PROJECT PROPONENT</i>	<i>TOTAL COST</i>	<i>FUNDING SOURCE(s)</i>	<i>START DATE</i>	<i>ENVIRONMENTAL IMPACT</i>	<i>GOALS ADDRESSED</i>
<i>Black Bear Business Park – Newmarket</i>	Construction of a 2.25 mile access road to a new commercial park	Town of Newmarket	\$ 3.6M	EDA, local TIF District, private	2007	Yes	1, 2, 3
<i>NH Community/ Technical College – Emerging Technology Center - Pease Tradeport</i>	Renovation of existing building for mixed use incubator and teaching space	Emerging Technology Center of NH Community Technical College	\$ 6 M	EDA, DOL, State	2008	Yes	1, 3, 4, 6
<i>Squamscott Community Commons – Exeter</i>	Renovation of existing building for community center and job creation	Squamscott Community Coalition	\$ 8 M	EDA, HUD, CDIP, local, private	2007	Yes	1, 3, 4, 6
<i>Newmarket Lamprey River Mills Redevelopment</i>	Purchase and renovate historic mill building for mixed use industrial/commercial	Newmarket Community Development Corp.	\$ 8.5M	EDA, state, local, private	2007	Yes	1, 2, 3, 4
<i>Pettengill Road Commerce Park</i>	Upgrade roadway for commercial/industrial use	Town of Londonderry	\$5,000,000	EDA, TIF, private		Yes	2, 3, 6
<i>Exit 4 Master Plan - Raymond</i>	Development of 300 acres for mixed use and wastewater treatment	Town of Raymond	\$80,000,000	EDA, TIF, USDA, CDBG, private	2007	Yes	1, 2, 3, 4, 5, 6

**LONG TERM PRIORITY PROJECTS
(NON-EDA FUNDING CANDIDATES)**

<i>PROJECT NAME</i>	<i>PROJECT DESCRIPTION</i>	<i>PROJECT PROPONENT</i>	<i>TOTAL COST</i>	<i>FUNDING SOURCE(s)</i>	<i>START DATE</i>	<i>ENVIRONMENTAL IMPACT</i>	<i>GOALS ADDRESSED</i>
<i>Exit 4A New Ramp off of I-93 – Derry</i>	Improved access to industrial area	Towns of Derry and Londonderry	\$ 25M	DOT, local, federal	?	Yes	2, 6
<i>Route 93 Widening Western Subregion</i>	Highway Widening	State of NH	\$ 3-400 M	Federal, State	?	Yes	2, 3, 4, 6
<i>Development of Railroad Station – Plaistow</i>	Construct Railroad Station for regional access to existing commuting routes	Town of Plaistow	\$ 1.9 M	Federal, state, local	?	Yes	1, 2, 3, 6
<i>BioSeacoast Life Science Cluster</i>	Develop educational curriculum in tandem with Bio-Tech Incubator to support the emerging industry cluster in the region	NH BioTechnology Council	\$ 12M	Federal, state	?	No	1, 3, 6
<i>Jack's Bridge Road TIF District</i>	Development of roadway network and connections, to facilitate the development of 400 acres industrially zoned	Town of Londonderry	\$14,800,000	Federal, State, local	?	Yes	2, 3, 6

D. Project Oriented & Other Economic Development Initiatives

1. Manchester – Boston Regional Airport

The Manchester-Boston Regional Airport remains a major economic generator of jobs and commerce in the region. Renamed from Manchester Airport to Manchester-Boston Regional Airport on April 18, 2006, the new name reflects the airport's proximity to the Greater Boston area and provides travelers to communities in the Merrimack Valley and Boston areas with another transportation option than just Logan Airport. According to an article in the April *New Hampshire Business Review*, the airport is being marketed as the "convenient alternative" to Logan Airport. Currently, twenty percent (20%) of the 4.3 million passengers that utilized this facility in 2005 came from the border communities in Massachusetts.

The Manchester-Boston Regional Airport, in spite of the higher fuel costs, increased its total passengers for the 10th consecutive year by 8.1% from 4 million in 2004 to 4.3 million in 2005. Southwest Airline, the airport's largest airline, served nearly two million passengers, which represented an increase of 18.1% from 2004. Air cargo figures also remained high with more than 155 million pounds of cargo passing through the airport in 2005. According to airport officials, the airport "met or exceeded all its financial goals" during the first six months of operation this fiscal year (July 2005-December 2005). However, during the second half of this fiscal year, the airport has struggled with increased fuel costs and declining passengers, as reflected in decline in the number of seats booked in January 2006 down 19% from the previous year. In addition, U.S. Airways and Northwest are in bankruptcy, United Airlines just emerged from receivership and Independence Air has folded. With the increase in fuel costs, the airlines are moving smaller, more efficient planes into Manchester-Boston Regional Airport. As a result of this initiative, seat availability is nearing full capacity at 90% and the number of departures per day has been reduced from an average of 85-95 flights last year to 75 flights in February 2006. It is anticipated that the next 24-36 months will be difficult for the airport and the airline industry in general.

The somewhat sluggish activity has resulted in the delay of major capital projects at the airport, such as the garage and terminal expansion projects. However, there are some projects which are still moving ahead, such as the \$ 70 million Manchester-Boston Regional Airport Access Road connecting Daniel Webster Highway near the Merrimack-Bedford town line with the airport, the expansion of the 6-24 runway in order to meet Federal Aviation Administration regulations and the glycol recovery system designed to address environmental problems created by current de-icing operations.

As a means to increase the number of passengers utilizing the airport, airport officials are trying to attract JetBlue, which recently opened operations at Portland International Airport, in order to provide another low-cost option to the traveling public. Delta Airlines

announced in May 2006 that it will add four daily non-stop flights between New York-JFK and Manchester-Boston Regional Airport beginning on September 15, 2006.

Airport officials are also trying to redefine the airport as a greater multi-modal facility by supporting the planned rail service to Nashua being extended to Manchester, which would allow an intermediary rail station to be established at the airport and by exploring bus service to and from the Seacoast and Northern Massachusetts.

2. Pease Tradeport / Port of NH

The Pease International Tradeport and the Port of New Hampshire continue to contribute greatly to the Rockingham County economy. As outlined in last year's Five-Year CEDS, there was an extensive overview of the activities of the two entities managed by the Pease Development Authority (PDA). This year's major project summary provides an overview of what has been accomplished during the past year and the new initiatives being undertaken by each entity.

Since last year, the Pease International Tradeport has been able to attract twenty-seven (27) additional companies for a total of 218 companies located at the Tradeport and employing 5,200 workers (200 additional workers from last year). It is expected that the total projected employment, based upon current space and new projects in the pipeline, will be 7,500 jobs. Three separate projects totaling 124,000 square feet are under construction, while another 285,000 square foot building, valued at \$ 200 million, has been proposed by Lonza. Four major projects – the \$ 208 million, 350,000 square foot expansion constructed for Lonza, the 41,000 square foot International Marketplace at Pease, the 60,000 square foot, three-story, multi-tenant office building (100 International Drive) and the 24,000 square foot, two-story building principally for Southern New Hampshire University – have been completed since last year. Additional activities occurring at the Pease International Tradeport include the newly scheduled flights by Allegiant Air, the continuation of the year-round Pease/Portsmouth trolley service, and the maintenance of the area's first Transportation Management Association (TMA) through TransAction Associates in order to encourage alternative modes of transportation – car and van pools, public transportation and shuttles.

Based upon information available at the PDA website (www.peasedev.org), the following properties and land are available directly through PDA:

<u>Address</u>	<u>Area</u>	<u>Type</u>
358 Corporate Drive	10,898 sq. ft.	Business/commercial
2 Pinecrest Terrace	1,800 sq. ft.	Business/commercial
5 Pinecrest Terrace	2,400 sq ft	Business/commercial
44 Durham Street	29,000 sq. ft.	Airport Industrial
65 Aviation Avenue	24,446 sq. ft.	Industrial
67 New Hampshire Avenue	29,000 sq. ft.	Business/commercial
75 Rochester Avenue	54,000 sq. ft.	Industrial
22 Hampton Avenue	13,433 sq. ft.	Industrial
No address	21 + acres	Business/commercial
No address	9 acres	Business/commercial
No address	13 acres	Business/commercial
No address	8.67 acres	Business/commercial
Near Spaulding Turnpike	Three 5 acre parcels	Business/commercial
No address	20 acres (2 parcels)	Industrial
Airport	110+ acres	Airport Industrial

Additional properties are available through the specific developers and brokers as well. Investment in these properties will help leverage the initial EDA grant that enabled Pease Air Base to be converted into Pease International Tradeport. Additional investments by EDA have allowed much needed infrastructure improvements to be made and encourage private investment.

As outlined in the 2005 CEDS, the Port Authority of New Hampshire is managed by the Division of Ports and Harbors of PDA and is responsible for the maintenance and development of the Port, harbors and navigable tide rivers in the State. The Port oversees commercial and recreational piers in the area and issues permits for the 1,600 moorings. Its most visible function, however, relates to its Market Street Marine Terminal.

According to an article in the April 2006 *Business NH Magazine*, twelve ships transporting 209,000 tons of scrap metal and 170,000 tons of salt were received by the Port Authority at its Market Street Marine Terminal in 2005. The Port Authority generates approximately \$ 1.4 million in revenues per year with approximately \$500,000 being generated by scrap metal shipments. With contracts in place from International Salt (rock salt from Chile) and Grimell Industries (recycled scrap metal), the Port Authority isn't likely to change its focus on these two goods too quickly. However, the Port Authority has been working on diversifying its activities to include a container cargo

route. While the New Hampshire Legislature approved \$ 18 million in 1990 to expand the Market Street Marine Terminal and the federal government provided \$ 2 million to construct a container barge facility, the private business necessary to make the container-cargo shipping option viable has not yet materialized. In January 2006 Graham Packaging of Bedford approached the Port Authority for assistance in transporting its equipment by barge from New York to New Hampshire. Working with Columbia Coastal of New Jersey, the Port Authority was able to fulfill this contract quickly and to increase the likelihood that container cargo shipments could become another option at the Port. The diversification of these services would improve the economic viability in the region and open the possibility of establishing other routes, such as Halifax, Nova Scotia.

3. Portsmouth Naval Shipyard

After the 2005 CEDS was submitted to EDA, the decision on maintaining the Portsmouth Naval Shipyard was finalized. The work on the part of officials in New Hampshire and Maine to outline the strongest case for maintaining the Portsmouth Naval Shipyard overcame Defense Secretary Rumsfeld's initial recommendation on May 13, 2005 and enabled the Base Realignment and Closure (BRAC) Commission to remove Portsmouth Naval Shipyard from the closure list. Now that the major negative economic impact to the region has been averted, what do the collective officials do next? Wait for the next BRAC Commission initiative? No, instead public and private officials from New Hampshire and Maine have met several times and agreed to host a Bi-State Summit on September 12, 2006 in order to work together to shape the economic future of the New Hampshire Seacoast and Southern Maine.

In preparation for the potential closure of the Portsmouth Naval Shipyard, the Southern Maine Planning Commission received \$ 175,000 in Department of Defense funding. A portion of these funds was used to finance the report entitled "**Looking Beyond the Shipyard: Economic Development Challenges of Southern Maine and Seacoast New Hampshire**". This report was prepared by Dr. Charles S. Colgan of the Center for Business and Economic Research at the University of Southern Maine. Dr. Ross Gittell of the Whittemore School of Business of the University of New Hampshire provided data related to the New Hampshire portion of the study. The report states that "saving the Shipyard should not be seen as assuring the economic future of the region". It is anticipated that the Portsmouth Naval Shipyard, given the federal budgetary pressures, may show up again on the next BRAC closure list. According to the study, the Shipyard accounts for more than 10,000 direct and indirect jobs in the bi-state region and represents \$750 billion in regional output. The study assigned 4,800 direct jobs in 2005 to York County and 800 direct jobs to Rockingham County for a total of 5,600 direct jobs. Utilizing the econometric model, a simulated closure of the Shipyard in 2010 would result in 10,580 direct and indirect jobs being lost in New Hampshire and Maine with 87.1% of the jobs based in the Rockingham County (1,086)/York County (8,132) area. The job loss from the simulated closure of the Shipyard would only be reduced by 7% or 800 jobs between the simulated closure in 2010 and 2030 indicating "that a very high level of the regional economy is dependent on the Shipyard and could not be easily replaced if the Yard were to be closed".

Because the Portsmouth Naval Shipyard plays such a major role in the economy of this bi-state region, it is important for the leading public and private sector officials to begin to address how they will implement policies that will build upon the relative strengths of the bi-state region and the individual counties to create better-paying jobs in the future.

The most affected occupations, according to the study, would include management and finance occupations and office and sales jobs. In order to replace these jobs, policymakers would need to focus upon the leading industries in Rockingham County (export service industries) and York County (more locally-traded services, construction and manufacturing) and build upon the economic strengths each region enjoys. However, instead of just focusing on the specific counties, there would also be consideration of how the two states could support each other, particularly in the tourism area and as suppliers for the cluster industries of each county. It is anticipated that Professors Colgan and Gittell will identify several issues and projects that would be ideal for bi-state efforts and support at the Bi-State Summit. The participants at the Bi-State Summit would then have an opportunity to prioritize some of these suggestions in order to focus on one or two initiatives that could strengthen the future economy of the bi-state region.

4. Route 93 Expansion

Interstate I-93 is one of two interstate highways in Rockingham County and New Hampshire which provide vital transportation links to Massachusetts and Southern New England. I-93 is the busier of the two, carrying some 105,000 cars per day, compared to about 85,000 for I-95 (both measured at the state line). While I-93 carries 25% more traffic than I-95, it has much less capacity due to its 4 lane (2 NB, 2 SB) configuration compared to I-95's 8 lanes. As a result, and for more than a decade, travel on I-93 has been hampered with chronic congestion and a high accident rate. Safety during congested travel times is impaired by the lack of adequate breakdown lanes throughout much of the 20 mile project length. Congestion on I-93 represents significant economic and community development costs to the region. The unreliability of travel on I-93 during commute times is causing a broadening of the commuting period, traffic diversion to secondary roads, and is affecting decisions about business location and expansion. As explained in Section 1B, it is the most significant transportation infrastructure limitation in the County and all of southern New Hampshire at present, and has become the State Legislature's stated top priority for resolution.

As far back as 1991, the State DOT and Salem-Plaistow-Windham MPO identified the need to undertake a major upgrade and expansion of I-93 from Salem to Manchester to address capacity and design deficiencies. The project was included on the State's Ten Year Transportation Improvement Program at that time. Due to a requirement of the federal Clean Air Act that the state develop a statewide travel demand model with which to design the project, and do to higher state transportation priorities, such as the completion of the NH 101 widening, the design work for I-93 was put on hold for most of

the 1990s. This work resumed in earnest in 1999; by 2003 the Draft Environmental Impact Statement was released amid controversy about the growth and environmental impacts of the project, as well as lack of a passenger rail component in the preferred alternative. The Final Environmental Impact Statement was released in April of 2004, however, due to unresolved project impacts associated with expected water quality impairment from additional road salt treatment, final Federal approval (the issuance of a Record of Decision) did not occur until June of 2005.

The total project cost is now estimated to cost \$480 million, and has seen rapid cost escalation over the past two years due to rising construction costs. It was initially expected to take up to 12 years to complete. However, significant progress was made in the New Hampshire Legislature in 2004 and 2005 to authorize bonding for the project to help shorten the construction timeframe. Specifically, HB-304-FN was adopted in 2005 and signed by the Governor authorizing the use of GARVEE Revenue Bonding (which use future state allocations of federal highway funding as their source of revenue) to allow construction in a 5-7 year timeframe instead of 10-12 years.

The project itself will involve the widening of I-93 from two to four lanes in each direction from the Massachusetts State line to Exit 5 in Londonderry. It also includes the reconstruction and/or realignment of the major interchanges from Exit 1 to Exit 5, as well as the construction of large park and ride facilities at Exits 2, 3 and 5. Sound barriers will be constructed near larger housing developments that are close to the highway. In addition to the highway expansion itself, the project includes four other significant 'non-construction' components: (1) an extensive commuter bus program for service to Boston will be implemented, serving the planned park and ride facilities with up to eight round trips per day (this will be the first element of the project to be implemented); (2) an incident management program, including Intelligent Transportation System (ITS) components will be included in the project to reduce delays associated with accidents, project construction and congestion; (3) a Community Technical Assistance Program (CTAP) will be implemented to help communities in the primary and secondary impact area better plan for and manage growth that may result from the highway's expansion, and finally, (4) a long range major investment study of future Transit Alternatives for the I-93 Corridor from Boston to Manchester will be undertaken by both states to begin planning for future travel demand in the corridor.

a. Project Update

Use of GARVEE bonds for this project was approved in the 2005 Legislative Session and as a result, the Draft 2007-2009 State 10 Year Plan now indicates project construction over a 6 year period, rather than 12. Active construction was expected to begin in 2006 and extend through 2011. Limited construction for the project did begin in 2006, focusing on the park and ride lots at Exits 2, 4 and 5, and construction of the Cross Street Bridge associated with the Exit 1 interchange reconstruction.

CLF Lawsuit: In early February of 2006, the Conservation Law Foundation filed suit in U.S. District Court against the NHDOT and Federal Highway Administration seeking to halt the construction of I-93 until alleged faults in the Environmental Impact Statement (EIS) and NEPA process were corrected. The CLF claims that, (1) the EIS withholds information about the affect that induced growth will have on the level of congestion on I-93 and secondary roads after the project is finished; and (2) that the NHDOT did not adequately consider alternatives to widening, especially rail alternatives. Regardless of the merits or lack there of, this lawsuit will likely cause substantial delays in the start of major construction. The lawsuit does not seek to stop construction of the park and ride lots or the final design of the project, so it appears much of the work underway in 2006 can proceed.

CTAP: As summarized in the 2005 CEDS, the I-93 Community Technical Assistance Program (CTAP) is being developed in cooperation with the State of New Hampshire's Office of Energy and Planning (OEP) and the regional planning commissions to provide planning assistance to communities in 26 communities expected to experience additional growth due to the project. This \$3.5 million initiative will provide technical assistance to the 26 towns and cities to help these communities meet the wide range of challenges faced in the region, by providing technical assistance and access to tools for innovative land-use planning practices. CTAP entered its startup phase in late 2005 and 2006. Community meetings in each of the 4 regional planning commission areas were held in the Fall of '05, followed by the kickoff of the program with appointed delegates of the communities and agencies participating. The formal scoping process for the CTAP program is now underway and is expected to produce the selection process and identify the technical assistance projects and products that will be supported under the program. A project steering committee has been established to oversee this formal scoping process, which is expected to be completed in June of 2006.

Commuter Bus Expansion: The I-93 Expansion Project includes a project to significantly expand commuter bus services available in the corridor. This service, which would include 8 to 10 round trips per day overall, would service new or expanded/relocated park and ride lots at Exits 5 and 4 in Londonderry and Exit 3 in Windham and Exit 2 in Salem. The implementation of this project began in 2005 with the securing of additional CMAQ funds for buses and the selection of the company to operate the service (First Transit). In addition, the final design of the park and rides at exits 5, 4 and 2 was completed and construction at some sites has started. The startup date for services may be affected by the pending lawsuit described above and is unknown at this time.

b. Exit 4A Update

The Route 93 Exit 4a project will construct a new off ramp on Interstate Route 93 between the Towns of Derry and Londonderry. Planned in conjunction with the

expansion of Route 93, this project will allow direct access into an area that is primarily zoned commercial and industrial. This will allow for better traffic flow into those areas, while making the area more attractive for industrial and commercial development., The project is estimated to cost \$25,000,000. The Towns of Derry and Londonderry will share the cost along with the State of New Hampshire Department of Transportation (DOT).

This project is an example of two towns with common interest working together to provide economic development and job creation through better highway access. The project is currently documented in the State's 10 Year Highway Plan and is scheduled for construction in 2010. At this point in time, the project is going through a EIS review.

c. Bi-State Transit Alternative Study

It was recognized during the course of the I-93 project design that transit alternatives could not solve present congestion and high levels of travel demand in the I-93 corridor. It was also understood, however, that they will need to take the primary role in addressing travel demand beyond the design life of the expanded highway. This is supported by New Hampshire Dept. of Transportation (NH DOT) Commissioner Murray's assertion that no further expansion of I-93 will occur beyond the present project. In keeping with this, a commitment was made by the NHDOT to undertake a transit alternatives study to determine the most appropriate long term transit investments necessary to accommodate future travel needs in the I-93 corridor from Boston to Manchester. In 2003 the NHDOT secured \$1.0M in funding to undertake this study.

The NHDOT will oversee the study through a cooperative agreement with the Massachusetts Executive Office of Transportation (MA EOT) and in cooperation with Federal Highway Administration (FHWA) and Federal Transit Administration (FTA). An Advisory Committee has been established composed of staff from the two partner States, the FHWA, the FTA, Rockingham Planning Commission, Southern NH Planning Commission, Nashua Regional Planning Commission, Northern Middlesex Council of Governments, Boston MPO, Merrimack Valley Regional Planning Commission, Merrimack Valley Regional Transportation Authority, Concord Trailways, Massachusetts Highway Department (MHD), Massachusetts Bay Transportation Authority (MBTA), US Environmental Protection Agency (EPA), to provide input to the study oversight, direction and review for the study.

With issuance of the Record of Decision for the overall project in 2005, the Transit Investment Study got underway. The project partners from both states developed a scope of work and a request for proposals (RFP) in the summer of 2005, and conducted a competitive quality based selection process at that time. The firm of HNTB was selected in the Fall of 2005 to be the principal firm to lead

the study. Several meetings have taken place with the Advisory Committee to further refine a final scope of work. The intent is that the study will be designed in a manner that will support an FTA 'New Starts' application for commuter rail or other fixed guideway transit service. To date, the actual study is not underway as the contract between the NHDOT and the firm has not yet been finalized. This is expected to be in place by the summer of 2006.

5. Regional Sewer Project

Eleven of the 37 municipalities in Rockingham County operate wastewater treatment plants. (See Table 28 in Section 1B of the 2005 CEDS document.) Many of these systems, especially the ones that discharge wastewater into coastal rivers and estuaries, are constrained during low flow periods for their receiving waters by low dilution factors. This typically is worst during the summer when wastewater volumes are at their highest levels. Wastewater discharge permits are issued by the US EPA, and establish flow limits based on nutrient loading and toxicity considerations for the receiving waters. Future NPDES permits for these plants (including Seabrook, Hampton, Exeter, Epping, Newfields, and Newmarket) may further limit their ability to process wastewater, necessitating sewer connection moratoria or other measures. Expanding capacity for these systems will require costly upgrades to achieve higher levels of treatment to meet water quality standards at the discharge point, or the relocation of that discharge into waters with higher dilution rates. These limitations will have significant impacts on future development in these communities if not rectified.

A long-range plan to alleviate this constraint has been proposed which would involve intercepting discharges from the secondary treatment plants in the Great Bay and coastal river drainage basins and collecting and discharging the treated effluent into an ocean outfall. This may or may not prove to be a cost-effective and environmentally sound way of increasing sewer capacity in the region and warrants further study. As described in 2005 CEDS report, this proposal is now being actively studied as a result of the establishment of the Great Bay Estuaries Study Commission (SB-70) and the authorization of \$1.0M in funding to undertake a formal feasibility study of this concept. Additional legislation was passed in 2004 enabling communities to form a regional authority (Estuary Alliance for Sewage Treatment or "EAST") to implement the recommendations of the feasibility study following review and approval by the legislature.

The consulting firm of Metcalf & Eddy was selected in early 2004 to complete this study. The scope of the study has expanded to include an evaluation of septage disposal needs of the region and to consider other alternatives to a single common outfall, including: individual treatment plant upgrades, groundwater recharge of effluent, and combinations of solutions, and no action at all. For communities that presently have no sewer systems and where the further need

for such facilities is anticipated (such as Raymond and Stratham), the feasibility study will also consider the installation of collection systems in those communities to connect to one of the existing wastewater plants.

Work on the Feasibility Study was started in the Summer of 2004. Several public informational sessions were held in 2004 and early 2005 to gather input. The major alternatives under consideration include a single regional outfall connecting existing wastewater treatment facilities, a single regional advanced treatment facility and outfall, and individual treatment plant upgrades with groundwater recharge. Metcalf & Eddy (M&E) is currently gathering information from the 44 communities and 16 wastewater treatment plants in coastal watersheds and preparing various projections and analyses necessary for the feasibility study. The study will include estimated costs for each alternative. It is expected that the regional outfall solution will be very costly to construct, although it may be less costly than the cumulative cost of upgrading the existing sewage treatment plants individually.

2006 Update

The Great Bay Estuaries Commission (SB-70) has met four times in the second half of 2005 and first half of 2006 as the study has progressed. A significant milestone in the study occurred in October 2005 with the release of the Final Preliminary Findings Report by Metcalf and Eddy which summarized all current information about treatment capacities, operational limitations and permit status of all existing waste water treatment plants in the Great Bay and coastal study area. The Report also included future population growth and commercial and industrial growth for the years 2015 and 2030 to use as the basis for projecting sewage treatment demand. Specific projections for sewage loading and septage treatment demand were also made.

Subsequent to this, in February 2006, the consultant developed ten Preliminary Wastewater Management Alternatives which describe the major options through which future demands could be addressed.

These ten alternatives were the subject of a major public charrette in March of 2006 designed to seek input from various stakeholders about the issues and concerns associated with each. The charrette was attended by approximately 120 people. The session was preceded by a well attended public education event, also in March, designed to familiarize the public with wastewater management issues in the Seacoast. Based on the weight of comments made at the charrette, there appears to be continued public skepticism about any single regional wastewater management solution.

Subsequent to the charrette the consultant has recommended the following four alternatives for further detailed analysis in the remainder of the study:

1. No action – business as usual. This option would be required consistent with the NEPA process. This alternative will still require that existing plants upgrade treatment processes to meet future effluent requirements.
2. Treatment at existing plants, but with collection and discharge of the treated effluent to the Gulf of Maine. This alternative is required to meet the intent of SB-70.
3. Decentralized treatment and continued use of existing plants. Similar to the no-action alternative, except only a portion of the additional flow projected over the 20 year planning period will be transported to existing plants.
4. Treatment at existing plants and discharge to land application sites. This alternative responds to the concerns for developing a more sustainable alternative in that wastewater is kept in the watershed and re-supplies groundwater.

The remainder of the feasibility study will focus on defining the feasibility, cost effectiveness and potential impacts of these alternatives. The schedule for completion of the study has been extended into the Fall of 2006. Implementation of any of the alternatives regionally is uncertain and will depend on the willingness of communities to pursue them cooperatively under EAST or similar institutional mechanism.

6. Newington – Dover – Little Bay Bridge

The Spaulding Turnpike is a major limited access north-south highway, linking the Seacoast area of Rockingham County to the major urban areas of Strafford County, namely, Dover, Somersworth and Rochester. It also provides an important link to Concord via US Route 4 and with the vacation and tourist areas in the eastern portion of the Lakes Region and the White Mountains via NH Route 16. The Turnpike is part of the National Highway System (NHS) reflecting its significance as an important transportation link in the State and regional system. Functionally classified as a major arterial, the highway is the only practical route connecting Portsmouth and Dover, the two large urban areas, and hence, the highway transportation system of these communities and the larger urban area are unusually dependent on this single highway. There are no

practical highway alternatives except secondary routes to the east in Maine, or west of Great Bay -- both involving diversions of considerable distance. Continued deterioration of general traffic conditions on this critical highway segment could have serious negative economic development impacts on the Seacoast region, as companies choosing to relocate or expand to this area consider the consequences of a potentially unreliable transportation system.

The Spaulding Turnpike is experiencing chronic congestion at the Little Bay Bridges section. During weekday and weekend peak hours of the day, the Turnpike currently operates at unacceptable levels of service (LOS F) with motorists often experiencing severe congestion and long delays within this segment of the corridor. Even at non peak times, the highway can be unreliable, with minor accidents causing major traffic backups at unpredictable times. Traffic volumes on the Little Bay Bridges have steadily increased from approximately 30,000 vehicles per day in 1980 to more than 72,000 vehicles per day in 2001 resulting in high levels of congestion on the bridges and along the Turnpike near and within the interchange areas. Over the next 20 years this average daily volume is expected to increase to approximately 100,000 vehicles per day. As development and traffic growth along the corridor continue, traffic operations and safety conditions will deteriorate further, resulting in increased vehicle delays and increased accident frequency.

Traffic volumes across the Little Bay Bridges has increased dramatically in part because of the uneven distribution in the growth of jobs and housing in the region. During the latter 1990s, the redevelopment of Pease and other significant industrial and commercial development in Portsmouth area resulted in rapid job growth on the southern side of the bridges. At the same time, only a small number of housing units were added in Portsmouth and neighboring communities to the south. On the Dover side, and in Strafford County as a whole, while there was also significant job growth, there has been a greater amount of housing development. This has tended to accelerate the growing traffic congestion on the bridge as more Strafford County residents use it as a major commuting route on a daily basis.

A project to address this congestion has been included in the State's 10 Year Plan for the past seven years and for most of that time has been identified as the top long-term transportation priority of the Seacoast Metropolitan Planning Organization (MPO). Unfortunately, due to financial constraint and a lengthy design and permitting process, construction on this project is not expected to begin until 2008, and will not be completed until 2011 or 2012. The project cost will likely exceed \$130 million. The project was officially started in April of 2003 with the establishment of an Advisory Task Force made up of local and regional officials. Prior to that, the NHDOT hired the principle engineering firm that will be preparing the necessary technical and engineering studies to support the project. Project design is proceeding as part of a formal Environmental Impact Statement.

To date, the regional travel demand model was updated and the project Scoping Report completed (both in 2004).

The project Rationale Report was published in early 2005 which further narrows and refines the alternatives being considered, the range of alternatives to be considered and will lead to the identification of a preferred alternative. At this point three separate bridge alternatives are under consideration: (1) complete replacement of the existing Little Bay and General Sullivan bridges to include 8 lanes, plus walking/bikeland and transit corridor; (2), and incorporation of pedestrian and bicycle facilities in the expanded bridge, (3) expansion of existing Little Bay bridges to 8 lanes and rehabilitation of the General Sullivan Bridge for bicycle/pedestrian use.

Although the construction project to address the problem is at least a half dozen years away, a series of interim 'traffic mitigation' measures are presently being developed to help address the congestion in the short term. These include installation of variable message signs and other components of ITS (intelligent highway system) to alert motorists to highway conditions, a rapid response 'incident management' system to clear bridge accidents much more quickly, and the development of a commuter express bus serving the Pease Tradeport from destinations in Strafford County. The success of these interim measures, and the eventual widening of the bridges will be important to furthering the economic development successes that the Seacoast area has experienced in the past decade.

2006 Update

Over the past year, work has continued to progress on the completion of the draft EIS. In October 2005, the Advisory Task Force reached consensus on the preferred interchange alternatives on both the Newington and Dover sides of the bridge that are to be recommended in the EIS. The publication of the DEIS and subsequent Public Hearing is expected to occur in late spring and summer of 2006. This will mark the end of Phases 3 (Preliminary Design/DEIS) and 4 (Public Hearing/Public Comment). The remaining phases include the Final EIS and Record of Decision (expected to occur late 2006 or early 2007), Final Design (expected to be completed in early 2009) and Construction. Based on present assumptions about funding availability, construction of some project elements could begin in 2008, but would not be complete until 2014. This represents another one to two year extension to the time before the new facility is in place.

The preferred alternative for the bridges themselves calls for rehabilitating and widening each of the existing bridges to 4 lanes in each direction, and rehabilitating the General Sullivan Bridge for pedestrian and bicycle use. The alternative incorporates both traffic system management (TSM) and travel demand management (TDM) such as transit and ridesharing elements.

While the project design and permitting proceeds, a number of traffic mitigation measures are being implemented to attempt to reduce congestion problems in the shorter term. Over the past year variable message signs have been installed on I-95, Route 4 and the Spaulding Turnpike itself to alert drivers of accidents or unsafe conditions ahead of time to afford them the option of taking alternate routes. The installation of the EZ Pass system at the Dover Tolls was also completed in the past year. This may help reduce northbound backups on the bridge. Final design for a new large park and ride lot/transportation center at Exit 9 has been completed and will be constructed in 2006-2007. COAST and C&J bus service will begin shortly afterwards providing regular commuter service from Rochester to Portsmouth, and from there on to Boston.

7. Hampton Beach

The \$12 million infrastructure project is nearing completion. New water and sewer pipes have been installed, most utilities have upgraded their installations and the majority of roadwork has been finished. With this project completed, the Hampton Beach Area Commission will be moving to analyze further development of the beach area.

The drawbridge that spans Hampton Harbor has long been the major traffic bottleneck to enter Hampton Beach from the South. The NH DOT wants to rehab it, and the Beach Commission wants a new high-rise bridge. The Commission met with NH DOT and they challenged us to come up with a public private partnership to build a new bridge. One plan in the works is that a private company would build a high-rise restaurant at one end of the bridge and contribute to paying the bond cost.

Parking is the other major problem. One of the proposals from the Route I corridor study is to locate a Multi-Modal Transportation Center at the junction of Route I and Route 101 and use bus or other means to get people to the beach. The center would also connect to the DownEaster and bus service to Boston and Portsmouth.

Plans are also in the works to redesign and rebuild the beach bandstand area. The Commission is working with NH-DRED on this project. The beachscape committee has made improvements in the area also.

The group continues to work with the Air, Sea and Space Museum development group to locate at the beach, and are exploring a location for a possible convention center.

8. Town of Raymond (Exit 4 Route 101)

For several years now, Town of Raymond administrators have been crafting a Master Plan for the development of prime land that sits directly off Route 101 at exit 4 in Raymond in the Central Sub-region of Rockingham County. Several parcels of land are visible from Route 101 and over the past five years, private developers and business owners have built a number of commercial businesses in this area, while there still remains about 300 acres available for commercial development. This area is ideally suited for this kind of development because there is sparse residential development in the area, leaving much opportunity for the kind of commercial and industrial development that the Town of Raymond desires.

This past March 2006, the Town of Raymond and its residents voted to approve seven (7) different warrant articles that would pave the way for future development in this area. Warrant articles to re-zone property, to establish Tax Increment Financing Districts (TIFS), and to prepare for the Town's first wastewater treatment plant, are among the necessary articles passed to move forward on this major development in Central Rockingham County.

Phase One includes the development of 40 acres of land into a mixed use project that includes a hotel, restaurant, retail shops and housing. This will be completed by a private developer. In conjunction with this, and as part of Phase One, the Town of Raymond will begin to construct the wastewater treatment plant. Project costs will be shared among the private sector, targeted federal and State sources, and the Town of Raymond itself. This project has the potential to create a large number of jobs in the region, as well as provide an increase in the tax base for Raymond.

E. Short Term Actions

In meeting its responsibilities as an Economic Development District, REDC and its economic development partners will fulfill the annual CEDS requirement, support local communities in their economic development efforts and promote regional economic development projects. The overall Short-Term Actions for the period from July 1, 2006 to June 30, 2007 will be as follows:

1. *Continue CEDS "grass-roots" planning process:*

- Implement the EDA Planning Investment and develop a schedule for the Annual CEDS Update for 2007;

- Schedule four (4) CEDS Steering Committee meetings during the program year;
- Schedule two (2) Evaluation Subcommittee meetings during the program year;
- Establish Evaluation as an ongoing process; soliciting information from a number of sources;
- Identify Priority Projects as part of Annual CEDS Update process;
- Host the Access to Capital Forum in July 2006 to follow up the Cluster Survey;
- Identify one or two additional seminars of general and specific interest to our constituents;
- Submit Annual CEDS Update for 2007 to EDA by June 29, 2007 and distribute copies to the economic development stakeholders in the region; and
- Provide demographic data and information developed through Annual CEDS Update process to municipalities, businesses, non-profit groups and the public.

2. *Provide support for local economic development efforts:*

- Assist local communities in implementing their Priority Projects through general technical assistance and recommendations;
- Meet with representatives from “pockets of distress” communities to identify infrastructure and community needs;
- Provide technical assistance to the Town of Raymond in creating 200-300 jobs;
- Provide technical assistance to the Town of Newmarket to re-develop the downtown district;
- Follow up with Seabrook on the fishermen’s cooperative project and identify any other funding request to address the CEDS goals; and
- Request opportunity to provide assistance to other communities as needed.

3. *Assist and provide technical assistance for regional economic development projects:*

- Organize the Bi-State Summit with the State of Maine for Fall 2006;
- Support the regional wastewater treatment plan and workforce housing;
- Build upon the Cluster Survey by strengthening partnerships with UNH, the Biotech Council and the Software Association of New Hampshire; and
- Provide support to the Rockingham Community Action Program.

The previous page summarized the Short-Term Actions according to overall tasks, while the next two pages identify the specific actions by goal:

Economic Development – *To create high-paying and high-skill jobs in cluster industries and to improve the standard of living of District residents.*

- Maintain CEDS “grass-roots” process and EDD eligibility;
- Implement recommendations from Bi-State Summit;
- Match needs of biotech and software development firms with the economic development stakeholders providing the services; and
- Support the creation of better-paying jobs in distressed communities.

Infrastructure Development – *To maintain and expand the District’s transportation (highway and transit), sewer and water, and telecommunications infrastructure in order to accommodate balanced industrial, commercial and residential “smart growth”.*

- Implement priority Regional Transportation Improvement projects;
- Support regional sewer and water infrastructure projects;
- Identify telecommunication infrastructure improvements;
- Implement Hazardous Substance Assessment grant from EPA; and
- Target grants to “pockets of distress” communities.

Workforce Development – *To prepare the region’s workforce for high-paying and high-skilled jobs in the growth industries through active collaboration among employers, educational institutions and the workforce development system.*

- Match workforce development needs of biotech and software development firms with workforce development agency or educational institution;
- Identify Bi-State employment needs as a result of the Bi-State Summit;
- Support permanent space for Technical College at Pease; and the expansion of the Bio-Tech incubator;
- Identify DOL funding opportunities for laid-off and/or incumbent workers affected by plant closings or layoffs.

Environmental Preservation – *To preserve, protect and utilize the natural resources and open space in the County as a means to balance economic growth.*

- Encourage purchases of open space parcels to maintain quality of life;
- Support agricultural and fishing industries through specific initiatives;
- Promote “green technology” for construction and incubator activities; and
- Preserve cultural, historic and natural resources through grant funds.

Workforce Housing – *To create workforce housing as an assurance to expanding and relocating businesses that their workforce will be able to afford housing in the region.*

- Partner with the Workforce Housing Coalition of the Greater Seacoast to address the supply of workforce housing;
- Work with the Rockingham County Community Action Council to identify housing opportunities for workers; and
- Assist other agencies with the development of a workforce housing plan for Rockingham County.

Regional Cooperation – *To resolve local problems through regional solutions as a means to improve economic growth and to maintain the quality of life in the region.*

- Support regional infrastructure projects that will enable private industry to create higher-paying jobs;
- Document benefits of TIF Districts to encourage other communities to collaborate; and
- Identify opportunities for collaboration and cost savings for local communities.

Part VI – Evaluation Component

The Evaluation Component for the Annual CEDS Update for 2006 builds upon what was presented in last year's Five-Year CEDS. Based upon the recommendations from EDA staff, the overall evaluation format was changed last year to reflect more of an input-output model that quantified the results of the Rockingham County EDD CEDS program. This past year has served as a transition year from the Goals and Objectives outlined in the 2000 CEDS to those identified in the 2005 CEDS. While the focus of the Rockingham EDD CEDS program has not changed, the levels of activity have been raised to a new plateau. The program elements are not your basic activities undertaken during pre-2005, such as identifying Industry Clusters within Rockingham County, but, rather, determining the specific support needs of businesses within the biotechnology and software development Industry Clusters and providing a support network among the economic development stakeholders in the region to address those support needs. Similarly, we are moving beyond providing technical support to retain the Portsmouth Naval Shipyard as a vital component of the regional economy to collaborating with the economic development stakeholders in York and Cumberland Counties in Maine to develop an economic development "blue-print" for the bi-state region that will prepare for the future economic vitality of the Seacoast region. REDC and its economic development partners have developed their capacity to address these issues significantly since the CEDS inception in 2000.

The past year has been a hectic year for REDC staff – completing the Five-Year CEDS of 2005, addressing the closure issues at the Portsmouth Naval Shipyard, working with new staff at the Philadelphia Regional EDA Office, working with the University of New Hampshire Small Business Development Center on the Advancing Industry Clusters in Rockingham County project, completing the normal EDA requirements for the Annual CEDS Update for 2006 and moving REDC's office location. In many ways, the Evaluation Criteria outlined for the CEDS 2005-2009 were quite ambitious and the specific goals set forth by the CEDS Steering Committee for the past year were set fairly high as follows:

- 50 new jobs created/retained by REDC's use of Revolving Loan funds;
- Two new affordable/workforce housing projects receiving site plan approval;
- One town amending zoning requirements to include bonus for affordable/workforce housing;
- Two parcels of land transferring to conservation to maintain quality of life in the region (LCHIP funding);
- Three transportation projects funded via Planning Commission and CMAQ grants;
- Two new EDA Public Works applications developed for submission;
- One new EDA Planning Grant for CEDS continuation;
- Participation at CEDS events and forums at a minimum of 20 participants per event;
- Four CEDS Steering Committee meetings;

- Increase Steering Committee membership by five new persons;
- Open CEDS Steering Committee meetings to the public;
- Revise website and publish meeting dates for the full year; and
- Annual CEDS Update for 2006 completed in full by June 30, 2006!!!!

As will be seen in the following evaluation of the goals established for the CEDS process, programmatic Goals & Objectives and Priority Projects, most of these overall goals were achieved during the past year. REDC has helped create more than 50 jobs through the use of the Revolving Loan funds and at least one new affordable/workforce housing project in Exeter has received site plan approval. The region has benefited from funding provided by the LCHIP Program, including the Piscassic Greenway project in Newmarket, Epping, Exeter and Newfields and the Folsom Tavern in Exeter. At least three transportation projects have been funded by the Rockingham Planning Commission through CMAQ funding and a new EDA planning investment grant was submitted and approved in order to maintain the annual CEDS planning “grass-roots” planning process. Four CEDS Steering Committee meetings were held during the past year and the Annual CEDS Update for 2006 will be completed in full by June 30, 2006.

The evaluation methodology developed by REDC, in conjunction with the EDA staff, focuses upon the quantitative and qualitative measures related to program performance. While REDC serves as the chief coordinating entity for the region and is responsible for the maintenance of the CEDS annual “grass-roots” planning process, the other economic development stakeholders play an important role in the achievement of the programmatic goals and objectives and the implementation of priority projects that address the EDA Investment Guidelines and REDC project eligibility criteria. The evaluation of the CEDS Process, Goals and Projects builds upon the achievements of the first five years under the CEDS program, as outlined in last year’s Five-Year CEDS. Given the availability of more time to utilize our monitoring, outreach and evaluation tools and the hosting of two major forums within the first quarter of the FY 2007 CEDS program year, REDC will be able to more fully develop the evaluation methodology outlined here.

Evaluation of the CEDS Process

1. Levels of Participation

Goal: *To encourage a high level of participation in CEDS activities by a diverse group representative of both municipal and business leaders alike.*

Objective: To maintain a minimum of twenty persons at each CEDS event, session or forum and deliver two to four forums per year.

Inputs: EDA capacity investment grant annually for \$ 52,000 as operating support for CEDS program pays for staff support; match funds annually from private industry to pay forum costs for experts and speakers. Match funds for CEDS activities have been received from private industry to pay forum costs for experts and speakers. During the first five years, match funds for

CEDS activities have been received from Public Service of New Hampshire, Unittel, the NH Community Development Finance Authority, Citizens Bank, and Sovereign Bank.

Outputs: Eight training sessions/forums on selected goal topics were held during the first five years: Inter-Municipal Financing via TIF Districts; Workforce Housing; Identification of Regional Existing Clusters, Priority Clusters for Job Growth, Targeted Growth Clusters in the Region, Seacoast Incubator Summit, Derry Community Profile Workshop and the Rockingham Planning Commission's Annual Municipal Board Training Series. Planning for the Financing Business Seminar and the Bi-State Summit scheduled for July 2006 and September 2006 has been ongoing through this past year.

Outcomes: Attendance at CEDS forum events generally meets or exceeds the participation goal of twenty persons at each event. During this past year planning began for two separate forums. Planning for the Bi-State Summit began in January 2006 and was intended to be delivered by June 2006. However, due to the complexity of the project, the delivery of this Summit will be in the Fall of 2006. The other forum, Financing Growth, was planned as a result of the Industry Cluster project completed in the Spring of 2006. While the goal was to complete this forum by June 2006, the actual date is July 19, 2006. Participation at the Financing Business Seminar has already received 54 reservations and the Bi-State Summit is expected to have at least 200 participants.

Impacts: The impact of the eight training sessions/forums during the first five years has been mixed. The TIF District forum helped stimulate eight new separate TIF Districts in Derry, Newmarket and Hampton and the infrastructure investment resulting from these TIF Districts will be ongoing. The Affordable/Workforce Housing Workshop had limited turnout, but the impact of workforce housing on the ability of employers to attract workers has become a major issue. The "Virtual Incubators" session has generated 81 users and increased its scope to the national level. The Industry Cluster sessions have resulted in public works projects in the biotech field and better informed the economic development stakeholders of Rockingham County's economic future. Next year's sessions will have impacts about the biotech and software development industries, as well as the overall Bi-state economy.

2. Data Development & Dissemination

Goal: *To provide comprehensive data and other statistical analysis tools for the region's economic development stakeholders; and to have that body of work "recognized" as an all-inclusive source of current information on each of the 37 towns that comprise the region.*

- Objective:** To maintain current and accurate demographic and other data on all towns, projects, available real estate sites, and companies in the region.
- Inputs:** EDA grant and matching funds provide for staff, consultants, and other outside persons, to research, collect, collate, and provide the data in chart format for public use.
- Outputs:** Continuing a process that began in 2001, REDC continues to receive requests for information and data as a direct result of the CEDS “content-rich” data summaries. REDC received more than fifteen requests for information and data this past year, including a request from the Rockingham County Commissioners for the largest employers in Rockingham County. The County has come to rely on these statistics for its annual reporting. Outreach to the Seacoast United Way and the Rockingham Community Action Agency has informed those groups of the CEDS as a resource and blueprint for their use.
- Outcomes:** Area economic and social service agencies using demographic and other data developed through CEDS, resulting in grant awards. Seacoast United Way and the Rockingham Community Action Council have begun using statistics and other regional town by town information for their own grant, community assessments and reporting requirements. *Real Estate Site Searches via area brokers* enhanced by the use of specific demographic data available for clients in their search process. Private industry requests per capita income information – used for expansion plans and relocation plans. Companies, such as *Best Buy* and *Poland Springs*, have accessed the CEDS data for business planning purposes. Additionally, the REDC works with a number of start-up companies who use the CEDS as part of their market research.
- Impacts:** Poland Springs of Maine expansion into Rockingham County, creating over 75 jobs in the region’s “highest unemployment” town of Seabrook, NH. REDC providing financing to two area “for-profit” child care centers in the region, based on demographic data to support those efforts – creating over 40 jobs and 225 child care slots needed in the region. More recently, the REDC has provided financing to several manufacturers expanding in the region and creating 50 new jobs.

3. Marketing & Outreach of CEDS

- Goal:** *To promote the use of the CEDS document by the region’s economic development stakeholders as a major resource and source of data in Rockingham County, as well as a “blueprint for success”.*
- Objective:** High levels of attendance and participation in CEDS events, forums, and, in particular, the goal setting and vision sessions to further promote the use of the CEDS as a blueprint and strategy.

- Inputs:** EDA annual planning investment funds (\$ 52,000 per year) and match funds for REDC staff to market the CEDS in various and different venues. Match funds from state, private banks and utility companies (\$ 25,000 per year).
- Outputs:** Delivery of hard copy of CEDS to each of 37 towns in the County, to each of the CEDS Steering Committee members, and each of the REDC Board of Directors. CEDS also delivered to heads of State government and State and Federal agencies concerned with economic development. The 2005 CEDS is available on-line at the REDC web site (www.redc.com) and can be downloaded by interested users. REDC still utilizes its CEDS Newsletter format and keeps in contact with more than 200 economic development stakeholders by e-mail. E-mail notices of upcoming events and the use of e-mail for the biotech and software development survey have become standard practice at REDC.
- Outcomes:** The participation by more than 100 economic development stakeholders in last year's Five-Year CEDS "grass-roots" planning process reflected continued interest in the Needs Analysis, Vision and Action Plan components of the CEDS. Requests for information continue to average more than fifteen per year and, notwithstanding the improved economic conditions, three additional infrastructure projects were submitted this year.
- Impacts:** The CEDS Marketing and Outreach has resulted in two funded public works projects totaling \$ 1 million, which have created jobs and increased tax revenues for the State and municipalities. REDC has been successful in receiving EDD certification and five EDA planning grants to maintain the annual CEDS "grass-roots" planning process. The REDC Director has spoken to groups across New Hampshire encouraging the partnership with EDA and the value added as a result of CEDS.

Evaluation of CEDS Goals

1. Economic Development

Goal: *To create high-paying and high-skill jobs in cluster industries and to improve the standard of living of District residents.*

Objectives: Maintain CEDS process and EDD eligibility.
Support Portsmouth Naval Shipyard efforts depending upon the final BRAC recommendation.
Identify businesses within 1-2 Industry Clusters to implement business support programs.
Develop re-use strategy for former Compaq plant in Salem and other vacant mill buildings.

Support Biotech and/or nanotechnology initiatives.

Inputs: EDA Planning Investment and matching funds, as well as technical EDA funds from the University of New Hampshire Small Business Development Center for the Industry Cluster study. US DOL funds for retraining opportunities at the Portsmouth Naval Shipyard.

Outputs: Maintenance of the comprehensive, economic development planning process, support for local economic development projects and promotion of regional economic development projects. Maintenance of Portsmouth Naval Shipyard as a vital component in the Bi-State economy. Support for forty-six (46) biotechnology and software development firms in Rockingham County. Provision of \$ 450,000 CDBG investment in the expansion of a biotech firm, which resulted in the creation of 38 high tech jobs and the leveraging of extensive private investment.

Outcomes: Establishment of Bi-State Summit scheduled for September 12, 2006 to discuss the economic future of the Bi-State region. Establishment of the Finance Forum on July 19, 2006 to discuss finance opportunities for businesses in Rockingham County.

Impacts: Increased stability regarding the future of the Portsmouth Naval Shipyard. Future focus on the Bi-State economy and providing support services for biotechnology and software development firms.

2. Infrastructure Development

Goal: *To maintain and expand the District's transportation (highway and transit), sewer and water, and telecommunications infrastructure in order to accommodate balanced industrial, commercial and residential "smart growth".*

Objectives: Implement priority Regional Transportation Improvement Projects. Target grants to "pockets of distress" communities. Support Portsmouth and Derry public transit improvements and tie-ins with Massachusetts rail service. Identify 1-2 "brownfield" projects to support.

Inputs: \$ 480 million in federal and state transportation funds to upgrade and expand Route 93. REDC and RPC staff time to coordinate and attend meetings with local officials. \$ 1 million state funded two-year study to determine the best way to develop a regional water treatment system to serve 44 towns.

Outputs: \$ 3.5 million in technical assistance funds to the 26 communities impacted by the Route 93 expansion and upgrade project. \$ 1 million Manchester-Boston I-93 Transit Investment Study designed to address alternative forms of transportation in the southern New Hampshire/northern

Massachusetts I-93 corridor. Initiation of \$ 130 million Newington-Dover/Little Bay Bridge Expansion project by 2008. Application from RPC for \$ 200,000 in Hazardous Substance Assessment funds from the U.S. Environmental Protection Agency. Fifty (50) WiFi hotspots in the Seacoast region.

Outcomes: The estimated 5-7 year timeframe for the Route 93 upgrade and expansion project is welcome news to commuters and abutting communities alike. The ability to address water treatment on a regional basis will reduce the overall cost to consumers and improve the overall infrastructure on a coordinated basis. Three new infrastructure projects have been submitted for funding this year.

Impacts: The overall impact of this goal is to enhance the infrastructure in the region, which leads to increased economic development opportunities. Although most of these projects are funded through sources other than EDA, they provide direct benefits to the region in creating jobs and increasing the tax base for local communities.

3. Workforce Development

Goal: *To prepare the region's workforce for high-paying and high-skilled jobs in the growth industries through active collaboration among employers, educational institutions and the workforce development system.*

Objectives: Identify workforce development needs of businesses within the 1-2 Industry Clusters.

Develop re-employment plan for Portsmouth Naval Shipyard workers if the BRAC Committee recommends closure.
Identify DOL funding opportunities for laid-off and/or incumbent workers affected by plant closings or downsizing in the region.
Support permanent space for Technical College expanded programs and relocation to Pease.

Inputs: The EDA Planning Investment funds and the special EDA grant to the University of New Hampshire Small Business Development Center enabled the Industry Cluster project to be completed. REDC continued to participate with the BioTech program and New Hampshire Community and Technical College.

Outputs: \$ 2 million DOL grant to the New Hampshire Community Technical College in workforce training funds for the Biotech cluster. BioTech Council has developed training templates to address the lack of skilled workers in the Biotech field. \$ 291,000 grant from Jobs for New Hampshire's Graduates to New Hampshire Technical Community College to help youth compete in the workforce and stay in school. REDC CDBG loans of \$450,000 to an expanding biomanufacturing company, \$125,000

loan to a “for-profit” child care company, and technical assistance to three start-up companies on Business Plan Development. Due to the success of the program, REDC has applied for an additional \$ 750,000 in IRP funds from the U.S. Department of Agriculture Rural Development, thus increasing the loan fund by \$ 1.5 million.

Outcomes: Through its initial technical assistance with Liquid Planet in Candia, 157 jobs could be brought to the central part of the region through the creation of a water park. Technical Assistance to a Salem manufacturer will create 10 jobs and take back contract work from China. Pre-loan assistance to a recycling company in Brentwood will create 20 jobs. The Advancing Industry Clusters in Rockingham County project has identified at least seven biotech and/or software development businesses that require support in order to expand.

Impacts: The principal focus upon the Bi-State Summit and implementing the Advancing Industry Clusters project will direct most of the region’s activities over the next few years. The emergence of New Hampshire Technical College as a leading innovator in the Biotech field and other emerging industry clusters has created some positive partnerships for the future.

4. Environmental Preservation

Goal: *To preserve, protect and utilize the natural resources and open space in the County as a means to balance economic growth.*

Objectives: Encourage purchases of open space parcels to maintain quality of life.

Support agricultural and fishing industries through specific initiatives.
Promote “green technology” as an Industry Cluster for the region.
Promote Rockingham County as a Tourist Destination by marketing its historic, cultural and natural resources.

Inputs: Funding for LCHIP projects has included the Folsom Tavern (\$ 100,000) in Exeter and the wait listed Strawberry Banke (\$ 155,000) in Portsmouth. REDC has worked with the Town of Seabrook on the Fishing Pier and Cooperative project to rebuild the retaining wall and to address the funding gap (\$ 600,000).

Outputs: \$ 15.7 million has been spent in southern New Hampshire over the past five years to preserve open space. Derry has spent \$ 6 million on conservation land, while Londonderry has raised \$ 7 million over four years for open space preservation. \$ 8.1 million has been raised to preserve the Piscassic Greenway in Newmarket, Epping, Exeter and Newfields. The University of New Hampshire has established the Open Ocean Aquaculture Program to increase commercial aquaculture throughout New England. The Nature Conservancy purchase of 269

acres of industrially zoned land in Portsmouth for \$3,270,000. has recently occurred.

Outcomes: The preservation of open space and historic buildings maintains the quality of life in the region. The focus on fishing and agriculture as commercial industries maintains the New England tradition, while utilizing more modern production means. The Portsmouth purchase of land for conservation, ties that 269 acres with another 335 acres to form the largest single parcel of protected land in the City.

Impacts: According to last year's CEDS, there are 1,400 individual parcels of protected conservation land in Rockingham County, representing nearly 50,000 acres of land. This is equivalent to 10.7% of the County's land area in 2005, which is an increase from the 8.7% figure in 2000. It has been estimated that the State of New Hampshire has spent \$ 120 million over the past five years to buy open space in order to protect the environment.

5. Workforce Housing

Goal: *To create workforce housing as an assurance to expanding and relocating businesses that their workforce will be able to afford housing in the region.*

Objectives: Identify workforce housing needs of businesses within the 1-2 Industry Clusters.
Support financial incentives to encourage communities to work collaboratively to address this problem.
Develop workforce housing plan for Rockingham County.

Inputs: The issue of workforce housing needs for businesses within the biotech and software development was raised as part of the survey. The "Workforce Housing Coalition" continues to focus upon this issue and has started to make headway within some local communities, such as Exeter. REDC staff provides demographic data developed through the CEDS planning process and RPC staff keeps this data updated.

Outputs: REDC held a workforce housing forum several years ago and a representative of the Workforce Housing Coalition served as a member of the CEDS Steering Committee. Monthly bulletins and meetings by the Workforce Housing Coalition provide an opportunity to document the need for more housing and to develop partnerships with local communities and developers. The Portsmouth Chamber of Commerce has implemented its "Housing for Everyone" plan that combines the three steps of education, advocacy and action. As part of REDC's Visioning Sessions last year, a provocative speaker presented the impacts of a lack of workforce housing on the future economy.

Outcomes: Construction on a Workforce housing development in Exeter will start this summer, while several other communities have projects in review.

Impacts: The issue of workforce housing has become one of the leading issues for businesses either expanding or locating in the region for the first time. The impact upon the future economic development in the region will be critical.

6. Regional Cooperation

Goal: *To resolve local problems through regional solutions as a means to improve economic growth and to maintain the quality of life in the region.*

Objectives: Identify areas where consolidation of services can save local communities while maintaining service levels.
Identify 1-2 regional projects that can support the development of the region's infrastructure.
Utilize Municipal Forums sponsored by RPC to spread the word about the CEDS.
Document the benefits of TIF Districts to encourage other communities to collaborate.

Inputs: The initial planning work related to the Bi-State Summit will result the ultimate example of regional cooperation and how it can transform the local economy. The establishment of a TIF District in Hampton Beach will enable the community to upgrade its water and sewer systems. RPC continues to hold its annual Municipal Forums to build local capacity and to encourage regional cooperation. REDC works with the local communities on critical economic development projects that have regional implications.

Outputs: The Hampton Beach and Raymond projects reflect the best of what's currently happening regarding regional cooperation.

Outcomes: The investment in the Route 101 area is beginning to open up the area for economic development, as predicted in the 2000 CEDS. The initial investment by the federal and state transportation agencies will return multi-fold returns as additional infrastructure –water, sewer, etc.- is established to pave the way for commercial and industrial developments. These investments will support REDC's effort to target resources to the central part of the County in order to ensure the residents of the entire region benefit.

Impacts: Regional infrastructure projects will keep the costs to the users down and improve the County's infrastructure on a coordinated basis. Successful work in one specific area will result in working in other areas.

Evaluation of CEDS Projects

- Goal:** *To identify economic development projects that meets or exceeds the region's goals and objectives.*
- Objectives:** To create a Priority Projects List for Rockingham County consistent with the goals in the region. To assist stakeholders in identifying and developing appropriate projects. To identify funding opportunities for projects. To document and memorialize project that have successfully completed or enhanced the region's goals.
- Inputs:** REDC staff time to meet with project proponents for CEDS Project Priority List, as well as to issue the annual RFP. REDC briefing of CEDS Steering Committee and follow-up on additional information requested by Steering Committee members.
- Outputs:** 250 hours of REDC staff time to meet and make presentations to project advocates, structure financing and promote federal grants when appropriate. Three (3) new projects were added to the Project Priority List this past year. The 2006 Priority Project List includes four top priority EDA funding candidates – Rte. 125 Infrastructure South – Drakes Site- Epping; the Main Street Reconstruction Program in Newmarket; the New Hampshire Biotechnology Incubation Space; and the Feasibility Study for Downtown Epping.
- Outcomes:** As outlined in the 2005 CEDS, the following outcomes have occurred over the past five years:
Epping Crossing: 600 new jobs to date and improved road access;
Child Care loans: 40 new jobs, 225 new child care slots for the region;
Manufacturing loans: 100 new jobs created, 40 jobs saved;
North Apron Access Road completed to support future job creation.
- Impacts:** The Epping Crossing project has not only created 600 new jobs to date, but the first development has triggered numerous other developments and job creation opportunities in central Rockingham County. This completes several goals under CEDS in that one goal was to target development to an area of the County not sharing in the economic vitality seen in the eastern and western parts of the county. Loans made to companies have not only created manufacturing jobs, but have increased child care slots in the region, which was identified as experiencing a shortage. Those expansion projects have created additional tax revenue for municipalities as well. The job preservation loan saved 40 union jobs for an aging workforce that would, in all likelihood, not re-adjust easily into new employment.