

Town of Derry Planning Board held a workshop on Wednesday, February 24, 2010, beginning at 7:00 p.m. The purpose of the workshop was to discuss potential zoning changes to the following parcels: 20.5 Berry Road, 7.5 Willow Street, and 25 South Range Road. In addition, the Board also discussed, in conjunction with the town's Economic Development Consultant, Arnett Development Group, economic development strategies including the best and highest potential use of the properties located within the Route 28, Tax Incremental Financing District, specifically in the area surrounding Ashleigh Drive.

Board Members Present: David Granese, Frank Bartkiewicz, Brian Chirichiello, Darrel Park, John O'Connor, Jan Choiniere, Virginia Roach, Randy Roach

Staff present: George Sioras, Mike Fowler, Elizabeth Robidoux

Also present: Rick Metts, Stu Arnett, Arthur Caras, Neil Wetherbee, Troy Allen, Mr. and Mrs. David Allen, Joe DiChiaro, Kevin Coyle, Chief George Klauber, Mr. Roy

Rezoning Request - Caras

The meeting opened at 7:00 p.m. Mr. Sioras advised Mr. Caras requested a discussion regarding rezoning of his properties located on South Range Road, Willow and Berry, which are located in the southwest corner of Derry. The properties are currently located in the ORD zone. As part of the Route 93 mitigation, the state has purchased the Sybiak property and 60 acres on Bowers Road. Prior to that, the town had planned to extend water and sewer service to the area of the Sybiak property and then continuing on towards Mr. Caras' property. That plan is no longer on the table. The focus now is to extend water and sewer from Shute's Corner to Clam Haven, towards the Robert Frost Farm. Located in that area is the larger commercially zoned Smith property. The Board is currently looking at potential zoning changes in the area of the Robert Frost Farm. The plan is to extend water and sewer down Route 28 toward the Windham town line. Mr. Wetherbee agreed, stating at one point water and sewer was to go through the Caras property to Route 28. Mr. Sioras added that now the Sybiak property is off the table, the thinking has changed. Currently, the zoning of Mr. Caras' property does not allow housing or commercial development.

Mr. Caras advised the Planning Board had thought that development of the Sybiak property would be a catalyst and his property would be a viable use. That has changed since the last Master Plan update in 2001. Preliminary engineering was performed on the property, which is one of the high points in Derry. There would have to be 30 foot ledge cuts for 500,000 square feet of industrial buildings. Parking would have had to be terraced. They had a developer look at

the property. There are no services in the area or immediate highway access, the land is located close to a residential area and it is 6 miles from Exit 3. He commented this is one of his issues with location of the town dump. The land is too valuable given its location to Exit 4 to be used as it is. Regarding his own property it is not economically viable to bring in infrastructure such as roads, water and septic for 500,000 square feet of industrial development. Given the discussions regarding the Robert Frost Farm area and the retention of character in that area, he noted one of the exits to this proposed development would dump in front of the farm. He would like to return the use of the property to rural residential use, which is now a 2 acre zone. He is not asking to have the land zoned one acre without sewer. The Master Plan in 2002 had proposed where sewer would go and for what purpose. There is no sewer for residential in that area which would create a higher development density.

His thought would be to rezone the Berry Road and Windham Road properties to residential use and leave the South Range Road property to be determined as to use. Perhaps that property can be zoned something that ties to a hospital use. There are no large parcels near the hospital that could be used for end of life facilities. In the Nutfield News there had been an article stating that Town Council was considering purchasing property in that area. If the town wants property down there, the South Range Road property is more desirable for those purposes. All of the land is not required for hospital use; it could be used for town or recreational use.

Mr. Wetherbee noted the parcels under consideration have 60, 60 and 30 acres. Conservation Commission has looked at the area, as has Town Council. No move has been made to go forward at this time. Mr. Caras noted there is no pressure to move and this is the time to move forward in items of this nature, such as rezoning to the best use.

Mr. Chirichiello asked if the parcels under consideration, Parcels 1 (PID 02082) and 2 (PID 02070) are in current use? Mr. Caras advised that Parcel 3 (02082-001) is located on the discontinued South Range Road. One of the parcels in the zone is owned by someone else. The land in that area is wet and rocky. Each parcel has its own frontage and access point. He would like to use two parcels for homes and retain the other, zoned for office/medical use.

Mr. Chirichiello asked if the intent was to make Parcels 1 and 2, two acre residential development and keep Parcel 3 zoned OMB. Mr. Sioras said that is the purpose of the workshop tonight. It is an option. Mr. Chirichiello thought if the town had interest in the parcels for the future, then it does not matter what the zone is, because municipal use is exempt from zoning. Mr. Sioras noted there are a lot of houses in that area and the residents would like to see the property zoned residential. Perhaps water and sewer can have a spur installed into the 60 acres. Mr. Fowler said there would be a significant expense to extend sewer. It will cost about 5 million to get to the Robert Frost Farm. Beyond that is

another 10-12 million to Lawrence and South Range Roads. Hydraulically, they can make it work, but there is a need for pumping stations. They will also need a town wide tower for the eastern section. Mr. Sioras commented that one of the items that came up while thinking about updates to the Master Plan is that there is limited land available. The town has the TIF area, the redevelopment of the downtown, and the area along Route 28 towards Ryan's Hill and the Clam Haven area. The town had been told there might be an Exit 3A near the Sybiak property, but that did not happen, so now there are homes in that area, the permanent open space, the lagoon system and the transfer station.

Route 111 By-Pass has now been constructed and there will never be an exit at the Sybiak property. Should the town retain the zoning onto a portion of the Caras property for future development and allow the rest to go back to residential?

Mr. Caras noted if the property was a viable commercial site, it would have a high impact on the neighborhood, but he does not believe it can be developed commercially. Mr. Sioras recalled the DEDC hired Holden Engineering to do a conceptual of an office park. It is very costly to develop this property as an office park, so that was not pursued.

Mr. O'Connor asked if the land goes back to 2 acre zoning, can the soils support that? Mr. Caras explained he had an approved subdivision for that property years ago and only needed 1 ½ acres for those soils. Two acre lots should be sufficient.

Mrs. Choiniere inquired if there would need to be any blasting? Mr. Caras advised the depth is about 5 to 8 feet to ledge. Mr. Chirichiello asked how many houses did Mr. Caras think he could get on that property? Mr. Caras said the density was 100+ homes with water and sewer. He would think that on 90 acres he should be able to get about 30 to 40 homes. Mr. Chirichiello asked about the residential growth of the town over the last five years? Mr. Fowler said he did not have the permit figures in front of him, but he believed that in 2007, 46 permits were issued, in 2008 the town issued 29 permits and the number for single family new residential permits was lower than that in 2009. Mr. Chirichiello asked if there was an estimated time span for build out? Mr. Caras said he would only do one parcel at a time. He knows he would need to build the road. Mr. O'Connor asked that it be remembered Windham's Spruce Pond Estates is located near this property, with over 100 homes. Mr. Chirichiello said his concern is that the development be tax positive for the town. Mr. Caras felt it would end up being even. Mr. Sioras thought, given the values of land, the homes constructed here would not be starter homes. Mr. Chirichiello thought affordable housing could be accomplished with an open space overlay.

There was some discussion regarding the square footage of the homes that could be constructed on these lots. Mr. Caras said this development would not have the 24 x 26 foot homes; that would have too high an impact on the town.

Mr. Caras reiterated that he would like to keep Parcel 3 as is for future office development. Mr. Chirichiello did not think there would be hospital development in that area; he could see the land being used for recreational use. Mr. Wetherbee thought it would be ideal for a new recreational center. Mr. Caras said he would like to put Parcel 3 on hold. It is a substantial parcel and can support good development.

Mrs. Roach said if the intent is to develop one lot at a time, she could see changing the other two lots to residential and leaving the large parcel. Mr. Granese asked which parcel would be developed first? Mr. Caras did not know. He thought the size of the potential homes would be 3-4 bedroom colonials. Mr. Sioras advised the Board is finalizing the land use chapter of the Master Plan and wants to be able to say that parcels within a certain area should be reviewed for potential rezoning; specific parcels are not necessarily mentioned.

It was noted that resident Maureen Rose had forwarded an email to a Board member which was distributed to the Board. She would like to see 3 acre lots in this area and provided a list of reasons for her request. It was noted the area has one and two acre zoning. Mr. Chirichiello commented to make the parcels 3 acres would be spot zoning because it would not be in line with what is there. Mr. Sioras added that there could not be an isolated parcel that had a higher acreage requirement, surrounded by a lesser requirement in order to be consistent. When the Board created the land use maps, it looked at what was there. The newer developments are one and two acre lots. Mr. Metts noted that some lots in the area are 1/3 and 1/4 acre lots, such is found on Bedard and in Sunset Acres. Mr. Granese felt it made sense to change Parcels 1 and 2 to two acre lots, and to keep Parcel 3 as an office/medical use.

Mr. Caras spoke with regard to the Master Plan. How much property is in current use, Industrial and Residential, and what is the number of homes that could be placed on those properties? He would like to know for conservation purposes and the information would be beneficial. Mr. Sioras advised his department can obtain that information using the GIS system and information contained in the Build Out chapter.

Economic Development Strategy Discussion – Rt 28 TIF

Mr. Sioras advised the Town Council approved the TIF district on Route 28, near the Hannaford plaza. There are several maps available this evening that show what is there today. Areas shown in yellow identify topographical details/wetlands and development limitations. Once the Town Council announced that the road improvements along Manchester Road in this area was

moving forward, his office has received at least one phone call a week with regard to inquiries regarding retail development in this area. A few years ago, Walmart was to build on the old water tower site (Zappa Hill). There has been recent interest in that parcel, as well as a few parcels located along Route 28. The intent tonight is to discuss the land in this area. The group can layout what exists now and what is available. All of the properties have water and sewer. Mr. Fowler can speak to infrastructure. There is also recent interest in the HADCO property. Mr. Arnett would like input from the Board and the public as to what they would like to see. Retail is permitted, but what would be the best development?

Stu Arnett, Arnett Development Group advised he has been hired by the town as the economic development consultant. He commended the town on its competent and dedicated employees, mentioning Planning and Public Works, and that he has been treated with graciousness at Town Council meetings. His company is located in Concord. His background is that he spent 15 years in the private sector, and 8 years as the State of New Hampshire Economic Development Director. He has also been a city planning director and a regional planning director. He believes that development and planning can work together and that good planning helps move development forward. He outlined the prior experience of his business associates, Ray Gagnon and Roger Hawke, who both have substantial experience in municipal government, planning and economic development. Mr. Arnett advised he was hired by the town to do three things: work on internal and external communication strategies and implement them; work on the redevelopment of the three parcels in the downtown; and to market the TIF district, specifically to look at the district and see how it can best be developed. This does not necessarily mean the fastest development, but the highest and best use of the property.

Mr. Arnett provided a brief background on TIF districts for those not familiar with them. A TIF is an financial overlay district, not a zoning overlay district. A business can be in a TIF district and not even know it. There is no effect on the tax bill or tax rate for the property owner. The taxes are collected for the district and are spent differently. Public improvements in that district are paid for by new taxes to pay off the IOU. Because of the existing traffic issues on Route 28, which is noted to be in failure, the town can bond the improvements and pay down the bond by the tax revenue created in that district. The intent is to accelerate the development so that the development pays for the improvements more quickly. He outlined the extent of the TIF district in this area, on both sides of Manchester Road. Mr. O'Connor asked if taxes would be increased in this area? Mr. Arnett explained that the taxes will not change. Mr. Metts added that only if a building is improved or constructed will the tax be affected for the lot. Mr. Arnett further explained that existing properties stay in the big pot of taxes. New development taxes will go to pay off the bond. A list of property owners on the Hannaford side of Route 28 has been provided. The industrial park on the other side of the road is fairly built out. Mr. Arnett said he would like to determine

the highest and best use of the underdeveloped land. The Sybiak property had been designated as a future job growth area and that has been taken off the table.

Mr. Arnett reported there is a disproportionate number of people who leave town to work. This TIF district is a future job generation area. Mr. Sioras had mentioned the Town of Londonderry. The Town of Derry needs to think about that. Londonderry has funding available from the ARA to put their new access road in. They will add 500 – 900 acres of competing land. The timing is important. If the Town of Derry tries to market this land after Londonderry puts their land to market, it may be a long time before the demand picks up. There is a window to create the highest and best use. It is easy to put a brochure out, but most people want to know about access, slopes, wetland mitigation, the number of pads that can be put on the lots and the size of the pads. When he looks at this area he sees a large parcel, but does not think it can accommodate 300,000 square foot pads. An 125,000 – 180,000 square foot pad is expensive to build because of the topo and ledge. As he looks at the remainder of the land, it seems less probable for large pads. The parcel needs to be looked at as a whole and the Board should see if it can maximize design so that everyone wins. Perhaps instead of each site having its own design, marketing it, and bringing in the water and sewer, can this be looked at thematically as one area so that contiguous land owners can credit back and forth. It is doubtful the area would get developed in one shot. The town has no intent to do that. What is the best thing to generate revenue and create jobs by looking at this as one property instead of 7 or 8 individual properties? Is there potential to look at this cooperatively?

Mr. O'Connor asked about the PSNH easements and power line areas. Can they be tied in together? Mr. Sioras advised he recently had discussions with PSNH's economic development team. PSNH is replacing existing lines with new wires and installing a major infrastructure improvement. This adds a more efficient system. They will upgrade within the existing right of way and will stay under the existing lines. They will not abandon either of them. It will be a major overhaul in Londonderry, located off Scobie Pond Road.

Mr. Sioras gave an overview of the parcels in the area of the TIF district. HADCO has an 11 to 12 acre parcel that is currently on the market. There has been interest in that parcel. Mr. Arnett explained that site is valuable because it is situated on an industrial pre-treatment facility that would save a new industrial prospect a significant amount of money if the company's use required such a system. This makes that lot a very attractive industrial lot. The next lot is the Pinkerton Tavern. David Allen and Allen Motors are the next two lots. Behind those lots is the old Treasure Masters building, which is occupied by Sanmina. Sanmina has been getting more orders and is bringing on more employees. Behind that is the property that Walmart had been interested in; although the town has been getting recent inquiries regarding the lot. To the left on A Street,

there is a vacant parcel located across from the Sports Zone. On B Street, Merrimack Valley Wood Products has been sold and the property is now on the market. As one heads back up Route 28, Hannaford and the cinema is located on the land before the power lines. This area was rezoned from residential to industrial. There is a lot with 60 acres of land. There are a lot of wetlands dotted across the parcels, but there are pockets of land that are developable. Ashleigh Drive could connect to Scobie Pond Road eventually. Close to this area, outside the TIF, there is a 24,000 square foot medical building that has just been approved on Tsienneto Road close to the Goddard School. When Ashleigh Drive was constructed, the lots were subdivided, but they are all for sale.

Mr. Arnett noted there are 5 owners of property in this area of the TIF. In theory, if this group said a collective effort would work better, it can be done.

Mr. DiChiaro noted not much redevelopment of the southern area of the TIF can be expected. If the town is going to pay for improvements with the TIF funds, then the town needs an idea of when the money will be available to pay the bond off. Can it be anticipated that this area will generate 6+ million dollars to pay it off? Mr. Arnett noted that the previously proposed Walmart Supercenter would have paid for 70% of it. If the road is not widened, nothing will happen. Mr. DiChiaro felt the traffic issue is the number of lanes, not the road. Widening it won't move traffic quicker or add value to properties. He wants to see the development first and then put the improvements in. Otherwise, the taxpayers will be paying for it. Mr. Arnett explained the traffic study noted through put is not an issue. Town Council has already moved and the widening will happen. So now, the town needs to make sure that the burden does not fall on the taxpayers.

Mr. Fowler provided the following overview. The TIF was originally approved in 2006. The initial road design was developed in 2007. Hoyle-Tanner Associates was contracted for the design. The plan is for 4 lanes with dedicated turning queues for the major intersections. There will be an upgrade to Ross' Corner which will open the traffic through lane near Linlew Drive. At each of the intersections, queue lengths were reviewed. As one heads towards Tsienneto, the peak hour queue is not enough and causes stacking. They will double two lanes toward Tsienneto. They ran simulators and looked at the level of service. Four intersections will be upgraded and they will widen the corridor. There is not much work to be done after Ashleigh Drive. 97% of the design is complete and most of the permits are in place. They are currently working on acquisitions. If the acquisition process has a favorable outcome, they are planning a 2010 buildout. The utility relocations will need to occur and then there will be limited widening. They plan to take a hiatus over the winter and look to a spring 2011 start. The target is to complete improvements by August or September of 2011 if all falls into place. There are lower construction costs at this time.

John O'Connor asked if the utilities will be buried on south side of the road? Mr. Fowler said no. The utilities will have to stay. They had to decide if they were

going to take 20 feet on the Ashleigh Drive side, or disrupt the overhead wires on the south side. That was part of the reason they looked at the takings. The town was advised it would take eighteen to twenty months to bury the utilities on the south side of the road. The underground conduit will be relocated as necessary and then the road will be widened. The plan is what was presented when Super Walmart had been in discussion back in 2007. There will be two lanes into Ashleigh Drive and 3 lanes out. If something similar in scope to that development occupies that site, they will go with that proposal. The Manchester Road widening project does not include anything on Ashleigh Drive. Improvements on Ashleigh Drive would be done by a developer.

The Board began to review the map provided and to discuss the TIF area, section by section moving counterclockwise on the map.

Mr. Sioras spoke to the 55 acres on Zappa Hill which used to have the water tower. The land does have wetland. The original proposal for this lot was for a 225,000 square foot box, which would have had cuts with a retaining wall, similar to what Bedford has for their Target site. The land is wet, so 20 acres was to be placed in Conservation as mitigation. There is no access to the By-Pass, other than an emergency access road that would be solely for Police and Fire access. Mr. Arnett noted that parcel is wet to the rear which is a constraint. Mr. Sioras advised the next piece, which is triangle shaped, does not have any restrictions. There would be a wetland crossing at the entrance to the site, similar to that at the existing Walmart across the street. There are prime wetlands to the rear of these properties and they require large buffers. The steep area to the rear can be seen on the triangle lot.

The area of the existing Hannaford parking lot used to be a wetland, but that was filled. As mitigation, the state required the area which is seen in front of Sullivan's Tire. There could be an access road or driveway located off Ashleigh Drive. Mr. Arnett asked is someone needed to get out of Ashleigh Drive, how would it be done? Mr. Sioras said originally, the road was intended to connect out to Scobie Pond Road. There was residential outcry at the thought of putting an access road out in the area of Old Coach Estates. All developers since then have been told that there needs to be emergency access to the By-Pass, but it can be subject to a gate.

Mr. Caras asked if there was a difference between industrial or retail footprints? Mr. Sioras explained there is more flexibility for parking with a warehouse or industrial use as parking requirements are not as stringent and could be terraced if necessary. Mr. Arnett noted parking could be more flexible if the uses on these lots were for office use or a medical park because the parking could be tiered for those uses as well. Mr. Sioras added that some brainstorming has been done and a few professional office buildings might fit better on Ashleigh. Tractor Supply had originally looked at the site across from the cinema. The existing Walmart is a 114,000 square foot building; Hannaford is 68,000 square feet and

it has been determined that Hannaford did not need as much parking as was anticipated. There is dead space in that parking lot. For a medical or office building, more parking is required. Overlook has run out of space and will be expanding its parking. There is another wetland piece behind DonMac. Mr. O'Connor spoke of the wet areas along the existing stream beds in that area. Mr. Sioras said that the prime wetlands are closer to the power lines. Behind Pinkerton Tavern there is a wetland. When the Green Forest Inn owned the property, they tried to expand the parking lot but the state would not allow it because that wetland is the natural drainage basin for the area. The owners went to Clearbrook Center and created a parking agreement; that is why the stairs are in between the two properties.

The Board determined the lower and upper areas that could be developed on the lots in the TIF. M&R Wood Recycling has a dredge and fill application in place. The land is usable. It is possible to cross under the power lines. It is noted that M&R is expanding, but if the value of the land increases, the Board thought that may have an impact for the owner.

There are 6 vacant potential lots. Mr. Arnett commented the owners of the lots knew this meeting was taking place and were notified. Mr. DiChiaro said if Walmart came back to town and widened Ashleigh Drive, that would affect the current dealerships and it would reduce the area on their lots that they have to display cars and leaves little exposure for their vehicles.

Mr. Arnett asked the Board, what do they see in the TIF? Mrs. Robidoux asked if they are looking at retail or high end manufacturing? Mr. Arnett said they should look at all the constraints. It may be they are looking at small box stores or smaller pads, which could be office buildings with multiple floors. There are no conference facilities in the area. For a hotel, there needs to be highway access. How does the Board think about this property if there were no property lines?

Mr. DiChiaro asked if the property was large enough for outlet stores? Mr. Metts asked if he was thinking of something similar to the Wrentham Outlets?

Mr. Chase said that the Board is estimating land constraints based on what they think is out there; the Board members are not engineers. It may be that the constraints are not as extensive as the Board thinks. There is a good industrial building on A Street Extension which came about as the result of extensive blasting. Mr. Arnett noted that they did not take anything off the table based on slope. Mr. Wetherbee commented the prime wetland map is not available this evening.

Mr. Sioras said these are all good points. Originally, Linlew Drive was zoned industrial/retail. It could be that a developer buys up the land and redevelops the property. The land is still zoned Industrial.

Mr. Arnett advised he would take the constraints noted during this discussion back to his consultants to create a conceptual of the area.

Mr. Roy advised that the intent for his business is to keep growing. Mr. DiChiaro stated the town should not want to lose anything that pays taxes. Mr. Arnett said that they can keep developing the land around this parcel and it won't affect M&R; but the land M&R sits on may become more valuable later. He wanted to make sure that people who knew the property in the TIF had input.

Mr. Chase thought that maximizing and creating the best use is to bring larger square footage which brings in tax dollars while creating jobs. A 30,000 square foot building with two employees is not good. A 20,000+ square foot building with 100 employees is good and we should be promoting that. The road improvements on Manchester Road need to be done first. A Street will get choked without a light or realignment. He hopes that some kind of realignment has been looked at behind KlevBro or on the other side of Applebee's to connect with Linlew. A light with traffic lanes is needed or that land will be lost.

Mr. Fowler said that one of the older concepts was for a B Street connector. They ran into an issue with the wetlands. A Street, as the plan stands, has no light now. The State said the warrants were not met under the current conditions (even taking into consideration the traffic generated on the weekends from the Sport Zone). The State suggested pre-wiring and designing as if a light were there and a light can be added later. Mr. Chase asked if a light would work at the intersection of Linlew? Mr. Fowler said the distance is about 320 feet. Mr. Chase thought there would need to be realignment to make a four way intersection to make it more valuable. Mrs. Roach noted Pinkerton is placing an alternative education facility in that area [Ombudsman]. Mr. Sioras noted the uses are mixed here. Mrs. Choiniere asked if there was value to the old wood product facility, or would it be better to raze it and rebuild on the lot? Mr. Sioras advised there is a 10 year old addition on the building. The front area was used for retail and a showroom.

Mr. Arnett said he had a better sense of what the Board was saying and they may see something down the road that is more creative. Right now, this is decent, developable land because of the infrastructure.

Mr. Chase said the Planning Board did a good job planning Tsienneto Road because there was an access point that ties into one access point with a traffic control device. Mr. Arnett said he will need to look at compatible uses on these lots as well as in the TIF. Mr. DiChiaro asked about the impact of the power lines. Will that interfere with anything? Mr. Arnett thought development should be able to be accommodated with a buffer. He will come back to the Board in a few months to follow up and move forward.

The meeting ended at 8:50 p.m.