

Bow Economic Development Strategy

Executive Summary

1. Introduction

The following executive summary highlights the findings and recommendations of an economic development strategy prepared for the Town of Bow, New Hampshire. This strategy was completed under the direction of the Bow Business Development Commission (the Commission), by the consulting team of RKG Associates, Inc. and Dufresne-Henry, Consulting Engineers. The primary focus of the research was an area that encompasses Bow's existing nonresidential development zones. The "Route 3A Study Area" is located primarily to the east of Interstates 93 and 89, with additional limited areas located off of Dow, Knox and Bow Center Roads. The boundaries of the Study Area, the locations and uses of individual parcels, zoning districts and the major recommendations of the economic development strategy, are shown on the accompanying map.

The underlying purpose of this study has been to propose a strategy that serves to broaden Bow's nonresidential tax base and maintain the long-term fiscal stability of the Town. Implicit in this broad objective was the Commission's desire to forecast and understand likely future fiscal conditions in Bow, with and without a pro-active economic development strategy. This was done using a fiscal model.

The project scope also included a review of options for extending water and sewer infrastructure to portions of the Study Area that are not currently serviced by municipal utilities. Although it was beyond the scope of this project to prepare a facilities plan for water and sewer, the report does provide a preliminary financial screening of alternatives and recommends how to proceed. Finally, the study scope included limited site investigations of two locations, for the possible future development of an industrial/business park. The primary objective of these investigations was to determine whether the Town should develop either location as a component of its economic development strategy.

This summary documents the planning process and study findings. The following section summarizes the background research and data analysis. Section 3 summarizes the findings of the water/sewer evaluation and site-specific investigations. The concluding section summarizes the recommended economic development strategy. Included is a discussion of priorities, specific tasks to be undertaken during the first two years and the anticipated fiscal benefits from implementing the strategy.

2. Existing Conditions

The following points summarize existing conditions in the Route 3 A Study Area:

Land Uses within the Study Area

- ▶ The Route 3A Study Area includes 288 total parcels and roughly 2,010 acres located within the Town of Bow. The Study Area is located along the Route 3A corridor to the east of Interstate 93, with additional limited areas located off of South, Dow, Knox and Bow Center Roads.

Vacant Land

- ▶ There are 87 vacant, privately owned parcels (excluding utilities) totaling 665.7 acres, which are assessed at just over \$8,600 per acre. Of the vacant parcels in the Study Area, a third (29) are less than 2 acres in size and nearly 70% or 60 parcels in total, are smaller than

5 acres. An additional 11 parcels are between 5 and 10 acres and the remaining 16 parcels, containing 493.2 total acres, are larger than 10 acres. Two of these larger parcels are active gravel pits.

- ▶ Although the number of 10+ acre commercial/industrial parcels in Bow is limited at only 16, the amount of acreage contained in these parcels is nearly 500 acres. Also, the above totals do not include additional parcels owned by PSNH, the Town and the NHDOT, which may also have potential to support development in the future.

Existing Nonresidential Buildings

- ▶ There are 86 developed properties in the Study Area (excluding tax exempt parcels and utilities) which contain more than 1.6 million SF of existing buildings. These developed parcels occupy 471.6 acres and have an existing assessed value of nearly \$55.1 million. The current assessed value (both land and buildings) of existing development in Bow averages \$33.51 per square foot of building space and just over \$116,800 per developed acre.
- ▶ Nearly 57% of existing commercial and industrial buildings in Bow are smaller than 10,000 square feet and nearly 35% are less than 5,000 SF. Buildings smaller than 10,000 SF occupy more than 39% (184 acres) of the Town's developed commercial/industrial acreage.
- ▶ About 20% of the Town's existing nonresidential buildings are sized between 10,000 and 20,000 SF. These 17 properties contain a total of 228,300 SF and occupy 138.6 acres (an average of 8.1 acres per parcel) or roughly 29% of the Town's developed commercial/industrial land base. They carry an average assessed value of \$38 per square foot and contribute an average of only \$63,100 per acre to the Town's tax base.
- ▶ The bulk of Bow's existing commercial/industrial tax base is contributed by only 20

existing parcels that contain buildings larger than 20,000 SF. These parcels contain 1.21 million SF of building space and occupy slightly less than 149 acres. Although the average assessed value of these buildings is modest at \$27 per square foot, they contribute \$32.8 million to the Town's tax base and generate an average of \$220,000 per acre in assessed valuation. Most are located on Route 3A near I-89.

Tax Exempt and Residential Land Uses

- ▶ Properties owned by public entities, private tax exempt organizations and utilities occupy 691 acres and represent more than 34% of the total land base within the Study Area. The Town of Bow owns 10 parcels totaling nearly 98 acres. The State of NH owns nearly 56 acres and PSNH owns nine parcels and 482.8 acres.

Average Assessed Value Per Acre

By Land Use: Route 3A Study Area

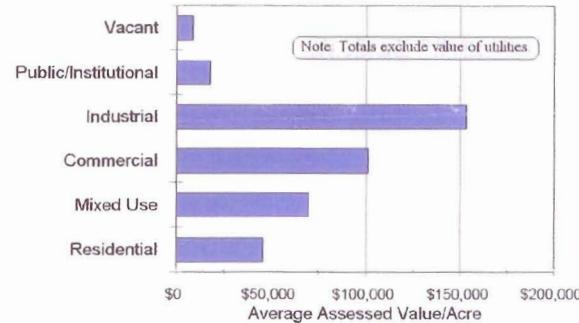


Figure 1.

- ▶ The Study Area also contains 86 residential properties that occupy more than 161 acres or 8.0% of the total acreage. The assessed values (land and buildings) of residences average just under \$86,300 per property and are substantially lower than residential assessed values elsewhere in the Town. The size of residential lots also varies significantly, with 36 of the 86 homes occupying lots smaller than 1.0 acre, compared to only seven homes on parcels larger than 5.0 acres.
- ▶ The average assessed value per acre generated by all land uses within the Study

Area is shown in Figure 1.

Past Development Rates

- Approximately 1.5 million SF of nonresidential building space added to the Study Area since 1940. This information is provided in Figure 2. The trend line provides an indicator of the extent of development activity Bow could expect in the future, absent of major changes in economic development policy. An absorption forecast of 40,000 to 50,000 SF per year is reasonable in light of past performance.

Average Annual Nonresidential Construction: Route 3A Study Area

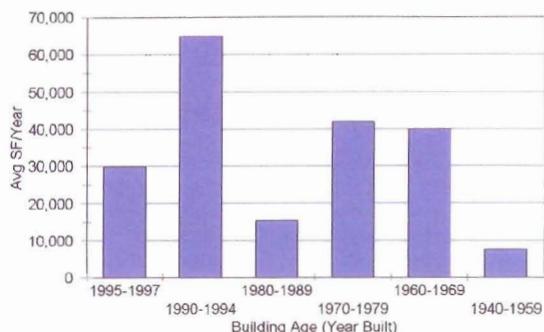


Figure 2.

Nonresidential Build Out Estimates

- As estimated by RKG Associates, Bow's existing nonresidential zones can potentially accommodate an additional 5.1 to 6.7 million square feet of new construction and expansion of existing buildings. Roughly 4.3 to 5.3 million SF, is associated with the Town's remaining vacant land. Already developed parcels also possess the capacity to accommodate another 800,000 to 1.4 million SF of on site expansion. Total estimated nonresidential build out potential is roughly 6.7 to 8.3 million SF. This range indicates that the Study Area can physically support an approximate 300% to 400% increase in nonresidential construction over existing conditions.
- If the Study Area's remaining build-out potential is valued similarly to existing development, the total assessed valuation at full build out would range from roughly

\$227.9 million to \$282.6 million.

Subtracting the Study Area's existing assessed valuation of \$61.5 million leaves a potential net tax base expansion of \$166 to \$221 million at current values.

Town-Wide Property Tax Base

- There are roughly 3,000 tax parcels with 16,600 total acres in the Town of Bow. Of these totals, 2,900 parcels and 13,300 acres are taxable properties, with a total net valuation of \$651.2 million. The remaining 3,300 acres are tax exempt properties.
- Of the Town's taxable property base, roughly 5,000 acres are in current use, 4,600 acres represent vacant land not in current use, 7,700 acres are associated with residential properties and the remaining 988 acres are developed commercial and industrial sites, including electric utilities.
- There are 2,279 residential buildings in the Town, most of which are single family homes. Assessment data also identify 181 commercial and industrial buildings, including four structures associated with electric utilities and 86 condominium units.

Distribution of Assessed Valuation

By Land Use: Town of Bow

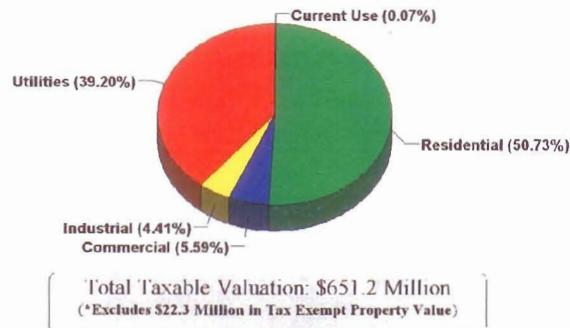


Figure 3.

- According to Figure 3, residential property provides a majority of the Town's tax base, representing 51% of the total. Electric utilities contribute the next largest share at just under 40%, while commercial and industrial properties, combined, contribute 10% and

properties in current use comprise less than 1% of the Town's tax base.

Distribution of Land Area by Use Town of Bow

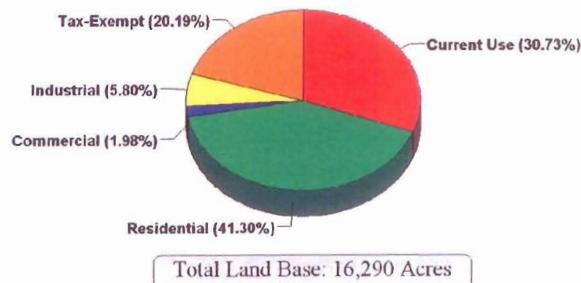


Figure 4.

- Figure 4 provides a similar distribution of the Town's land base rather than property valuation. It shows that 20% of the Town's total land area (excluding water bodies, roads and rights of way) is tax exempt and 31% of the Town's land area is in current use. About 41% of Bow's land base is classified as residential property, including nearly 2,300 developed parcels. By contrast, only 7.8% of the Town's land area is classified for tax purposes as commercial and industrial.

Distribution of Residential Properties By Local Assessed Value: Town of Bow

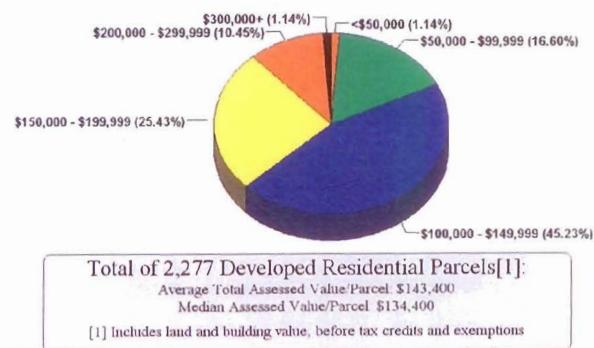


Figure 5.

- From an analysis of tax records, there are an estimated 2,277 residential properties (with buildings) in Bow. These properties have a total assessed value of \$326.6 million, an average of \$143,400 per property. The

median residential assessed value is slightly lower at \$134,400, indicating a market value of just over \$158,100. Despite recent trends toward higher priced new construction, more properties are assessed below \$100,000 than above \$200,000. The distribution of residential properties by value appears in Figures 5 and 6.

Distribution of Assessed Valuation By Land Use: Town of Bow

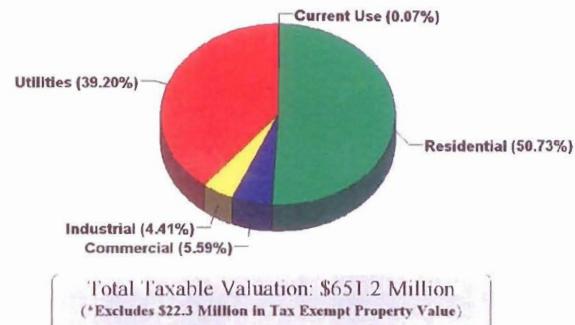


Figure 6.

Residential Growth Trends

Single Family Building Permits Issued

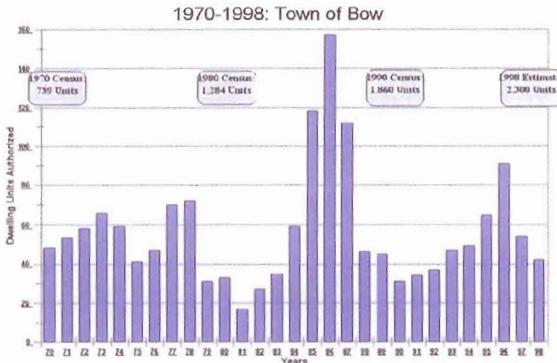


Figure 7.

- Annual building permit trends from 1970 through 1998 are shown in Figure 7. According to records maintained by the Town's Building inspector, an average of 56 units per year have been constructed in Bow since 1970. That average has been maintained more recently at 55 permits per year (a 2.7% annual growth rate) from 1990 through 1998. As is also shown in the graphic, the total

number of housing units in Bow has increased by more than 211% since 1970, from 739 units to a current level of nearly 2,300. Nearly all of these new dwelling units have been single family homes.

- ▶ Bow has been the fastest growing community in the surrounding region (measured in percentage) since 1990 and was the second fastest growing behind Dunbarton, during the 1980s. From 1990 to 1997, the number of housing units in Bow increased by an additional 22%, roughly three times the 7.1% to 7.7% increase experienced by Hillsborough and Merrimack Counties and the State as a whole.

Residential Build Out Projections

- ▶ Bow has a remaining inventory of nearly 7,800 acres of privately owned land in 654 separate tax parcels, which are potentially capable of supporting additional dwelling units. The maximum remaining residential build out potential associated with this land is estimated in the range of 1,700 to 2,300 lots. Included in this total appear to be roughly 100 lots that are immediately available for development. At an average absorption of 55-60 lots per year, this inventory represents a potential 28-40 year supply.

Trends in Municipal Expenditures

Budget detail concerning municipal and school operating revenues and expenditures were obtained over the past decade. The following points highlight some of the observations from the data that are relevant to the economic development strategy.

- ▶ Total municipal expenditures in Bow rose from a level of just under \$8.7 million in 1989, to nearly \$19.3 million in 1998. This represents an annual growth rate in total operating expenditures of 9.3% over that period. Because of the recent increase in State Aid to schools, the Town's total 1999 operating budget was reduced to approximately \$17.2 million. When averaged over the additional year, overall growth in local municipal and school costs falls to 7.1% per year.

▶ Although municipal operating costs have risen sharply over the past decade, revenue sources have increased at an even faster rate of 9.6%. Revenue growth has enabled the Town to generate significant budget surpluses for eight of the past nine fiscal years and accumulate a fund balance of more than \$4.0 million over the period. This balance has enabled the Town to minimize borrowing for capital expenditures and provide a stabilization fund for future contingencies.

▶ The above operating costs include the local costs of schools that are supported by property taxes. Local school operating costs rose from \$6.1 million in 1989 to \$11.9 million in 1998, a 7.7% annual growth rate. Growth trends in municipal spending and local school operating costs are shown graphically in Figure 8.

Trends in Bow Municipal and School Operating Budgets: 1989-98

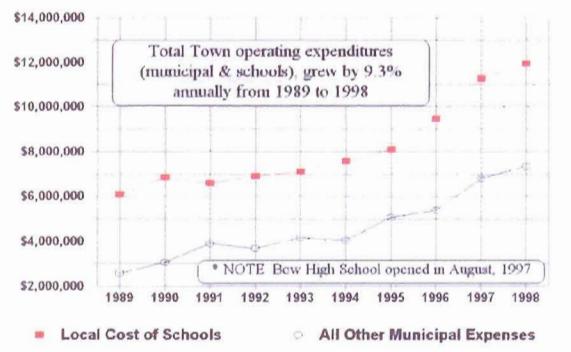


Figure 8.

- ▶ Overall, the total costs of operating Bow's schools have increased from roughly \$5.1 million in 1988-89 to \$13.2 million in the 1998-99 school year. This was a period of significant enrollment growth which included the addition of nearly 600 students to the District. It included the construction and opening of the new Bow High School and school district's absorption of costs that were formerly paid to Concord. Although the total school budget has increased at a 9.4% annual rate, the local costs of schools declined from 70% to 61.4% of the Town's total Operating

Budget.

- Per pupil education costs over the same period are graphed in Figure 9. The District's total annual operating cost per pupil has risen from roughly \$4,800 to nearly \$8,000 or 5.2% per year over the period. The portion of those costs paid through property taxes grew at a slightly slower 4.7% annual rate, resulting in a local cost per pupil of roughly \$7,200 in 1998-99. Budget increases over the past three years are almost entirely attributable to added enrollment.

Trends in Per Pupil Expenditures: Bow School District

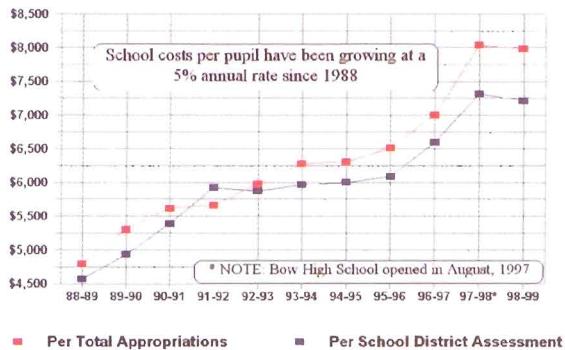


Figure 9.

School enrollment trends over the same period are graphed in Figure 10. Enrollment has increased at a 4.6% annual rate since the 1988-89 school year and has accelerated particularly during the past five years. Currently, there are an estimated 0.76 public school students per existing dwelling unit in Bow, one of the highest school enrollment "multipliers" of any community in NH. According to projections prepared for the School Department, enrollments are projected to continue to grow within a range of 2.7% to 3.6% per year to 2008.

Fiscal Projections

An important fiscal question addressed in this analysis is the likely tax consequence of continuing Bow's recent housing and commercial/industrial growth, demographic (school enrollment) patterns, expenditure growth and property value trends into the future. To answer this question, RKG Associates constructed a fiscal model which projects annual

growth in revenues, expenditures and tax base to the year 2015. The analysis model a baseline "best case" and "worst case" scenario which incorporate realistic and foreseeable changes to recent trends. Specific assumptions used in each case are documented in the full report. Results are highlighted below.

School Enrollment Trends

1988-1999: Bow School District

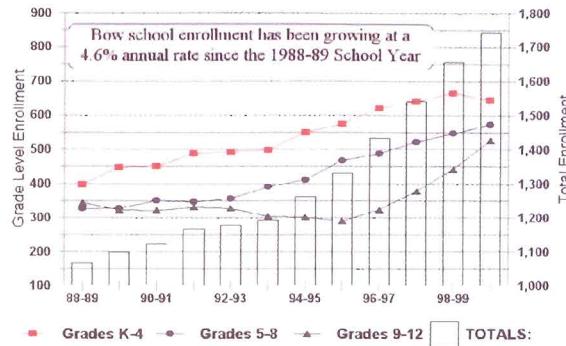


Figure 10.

- Local municipal and school appropriations are projected to rise from \$16.5 million in 1999, to a range of \$38 to \$43 million by 2015. The variation is due to the differing school enrollment forecasts tied to each scenario and the eventual elimination of State Aid in the worst case. The Town's total assessed valuation increases between \$168 and \$359 million over the period. In addition, between 400,000 and 640,000 SF of new commercial and industrial space is projected to be developed in Bow, consuming between 86 and 147 acres. Between 800 and 880 new dwelling units are also constructed over the period.
- Under these scenarios, the Town's forecasted property tax rate rises from a current rate of \$24.31, to between \$33 and \$47 by 2015. A home assessed at \$145,000 with a \$3,600 annual property tax bill in 1999, would have an annual tax burden of between \$6,750 and \$8,100 in 2015 (an increase of between 88% and 126%). These future costs escalate at an annual growth rate of between 4.1% and 5.3% over the forecast period

Property Tax Impact on an Existing SF Home: Baseline Fiscal Forecast

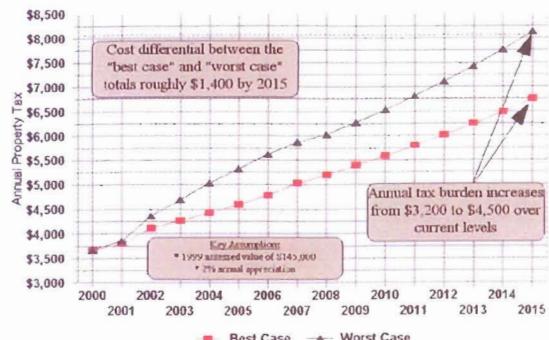


Figure 11.

3. Infrastructure & Site Analysis

As part of this study, Dufresne-Henry (D-H) explored preliminary alternatives to provide wastewater and water system infrastructure to at least portions of the Study Area. D-H's search for sources of municipal water supply and wastewater treatment were focused on the nearest viable provider of these services, which was Hooksett. Those costs were then compared to cost estimates prepared in 1993 to provide comparable connections from Concord. Preliminary findings are summarized in the following paragraphs.

Wastewater

Order-of-magnitude construction cost estimates were developed for providing wastewater service from Hooksett. These costs address required improvements outside of Bow and include contributions to new work/upgrades at the Hooksett Wastewater Treatment Facility (WWTF) and at Hooksett's Merrimack Street pump station, a new force main along the river from River Road to Route 3A in Hooksett and a pumping station in Bow. The cost of these improvements are estimated within a range of \$1.8 million to \$2.3 million, excluding potential impact fees and contingencies for engineering, etc.

These costs do not include the construction of a collection system within the Study Area itself. If sewers were constructed within Bow on River Road, Johnson Road and Route 3A from the Hooksett border to Dunklee Road, the cost would be

approximately \$2.5 million. The total wastewater construction cost for the southern and central portions of the Study Area, including the collection system and external connections to Hooksett, thus ranges from \$4.3 to \$4.8 million, excluding impact fees and contingencies.

A 1993 Report prepared by Stearns and Wheeler also addressed the cost of providing wastewater and water services to the entire industrial area bounded by I93 and the river and I89 and the Hooksett border. In that report, the cost to transport wastewater to the Concord City line was estimated at \$7.5 million. Consequently, the \$4.3 to \$4.8 million cost associated with a Hooksett alternative, compares favorably in terms of servicing southern portions of the Study Area from the City of Concord. D-H concluded that Hooksett would offer the best solution financially and in terms of engineering feasibility for wastewater treatment.

Water

Similarly, Hooksett has sufficient supply to provide water to Bow customers. Most of the area designated as potentially developable industrial land in the southern portion of Bow can be serviced by the Hooksett Village Water Precinct. Also, the Precinct does not have an impact fee system and, in terms of infrastructure requirements in Hooksett, there doesn't seem to be major renovation investment required to direct flow to Bow.

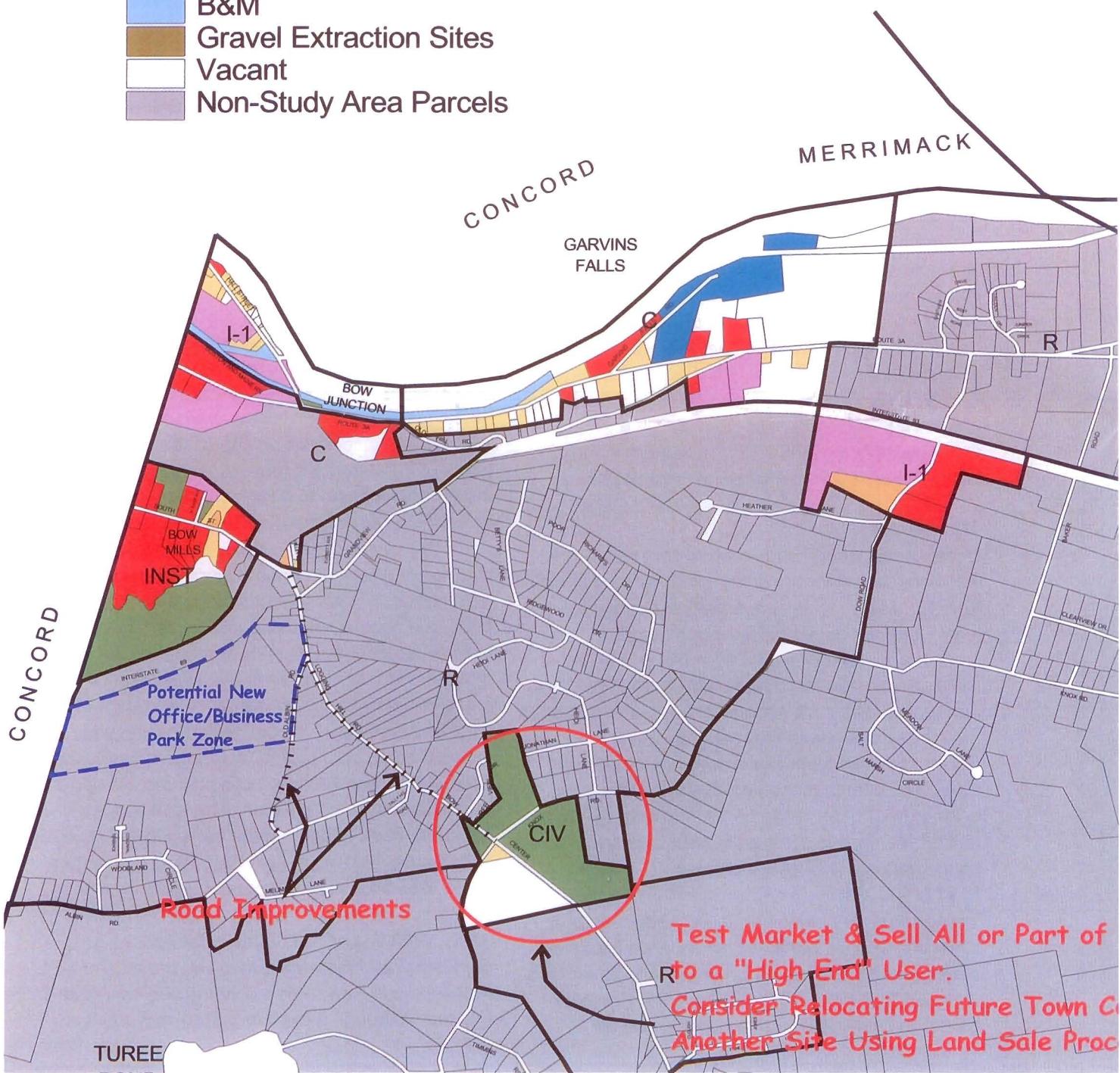
Due to the distance from the Hooksett tank to Bow and the loss of pressure caused by water moving through a pipe, it will also be necessary to construct a water tank in Bow. D-H estimated the cost to provide water to the Bow border plus install a tank and a booster station, to be within the range of \$1.7 to 2.0 million, not including contingency. If mains were to be installed in Johnson Road, River Road and Route 3A, the additional cost would be approximately \$2.0 million. The total cost for a complete basic water system servicing the southern and central portions of the Study Area would then be \$3.7 to \$4.0 million, plus contingency.

In the 1993 Report, all of the water options developed and discussed involved creation of a well supply in Bow, with a construction cost of \$2.1 million. Although a system in Bow may have a

Land Use Categories

- Residential
- Commercial/Residential
- Commercial
- Industrial
- Public/Institutional
- PSNH
- B&M
- Gravel Extraction Sites
- Vacant
- Non-Study Area Parcels

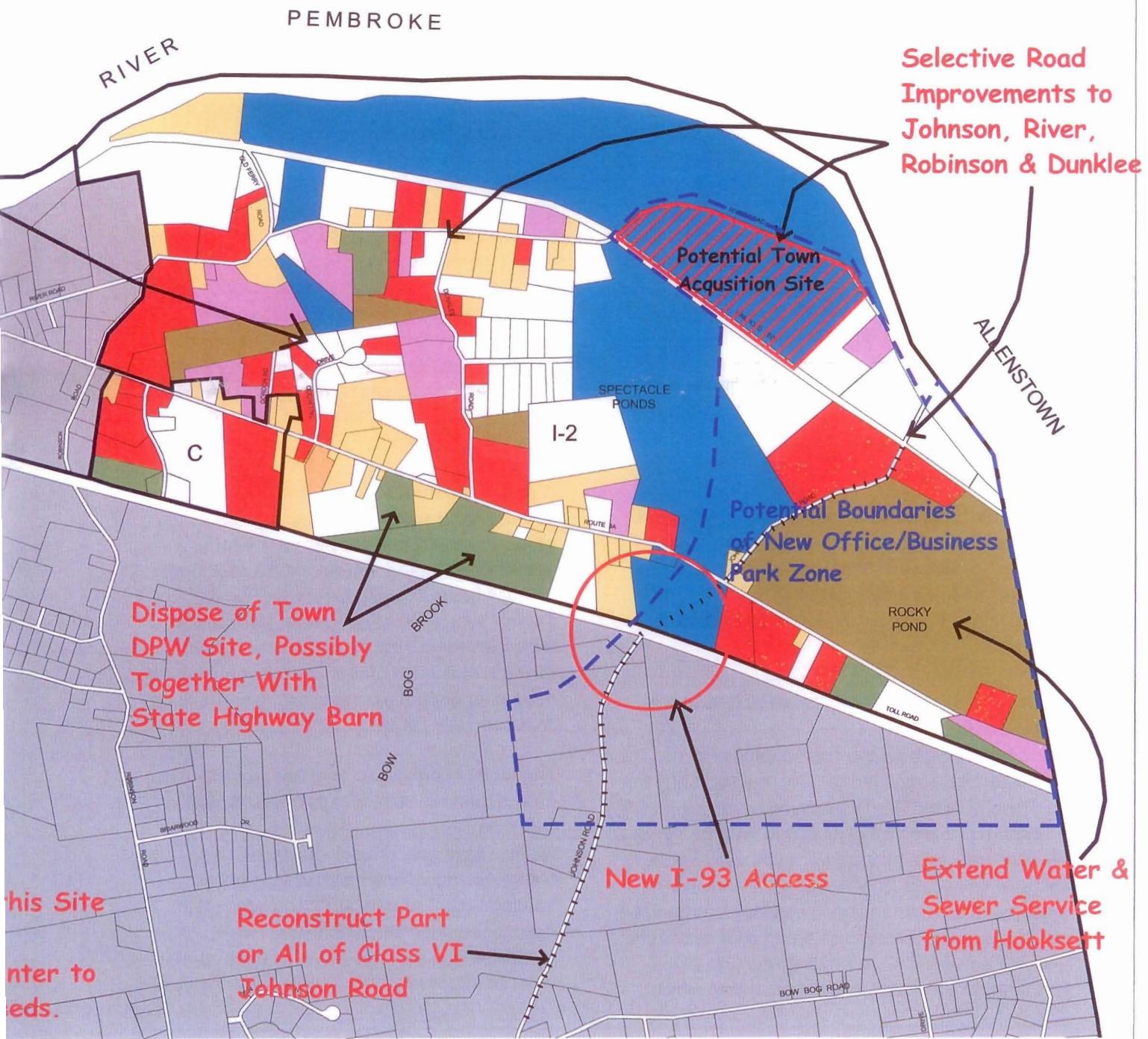
Introduce Flexible Dimension Controls within the I-2 Zone



Conceptual Economic Development Strategy

Route 3A Study Area

Town of Bow, New Hampshire



lower cost, an important factor that favors connecting to Hooksett is the fact that there is not yet any definitive well supply available in Bow. The added risk factors and unknown costs associated with developing a new source of water supply in Bow could easily exceed the more predictable costs of connecting to a known source of supply in Hooksett.

Based on the above analysis, the estimated total cost to provide wastewater and water supply to the major section of the Study Area would be in the range of roughly \$8.0 to \$9.0 million, plus contingency.

Site Development Analysis

Two parcels of land were identified by the Business Development Commission as potential sites for future development of an industrial or business park. These two parcels are the Town-owned gravel pit on Route 3A near Bow Bog Brook (Map 35, Lot 102) and PSNH land on River Road (Map 45, Lot 200-A). As part of the scope of this economic development strategy, DH prepared a preliminary design for development of each lot, using present zoning regulations and also under the assumption that a more intensive use of the land would be allowed in the future.

The two sites specifically evaluated in this section may both contain significant development constraints. Of the two however, the PSNH parcel was clearly superior and should be considered for possible acquisition by the Town. Near term recommendations addressing this option are also offered in the proposed economic development strategy.

4. Economic Development Strategy

The following outlines the components of a recommended economic development strategy for the Town of Bow. This first section proposes a series of Strategic Objectives or goals that emerged from the study research and appear to be achievable. The second section outlines an Implementation Strategy. The implementation strategy is organized into areas of Recommended Actions that are each linked to one or more of the strategic objectives. This summary includes a conceptual plan which

outlines the major elements of the economic development strategy, as well as recommended actions over the first two program years. The remaining strategy elements are in the full report.

The financial elements of the proposed economic development strategy are also compared to the "status quo" forecasts developed previously. This evaluation is intended to demonstrate whether the proposed strategy is both financially feasible for the Town to undertake and ultimately improves its fiscal condition.

Strategic Objectives

The following points summarize the above findings form a basic rationale for structuring an economic development strategy for the Town.

- ▶ Bow's projected fiscal future assuming a status quo approach to economic development policy does not necessarily present a "crisis" scenario in terms of future property tax impacts on homeowners. However, looming uncertainties could cause forecasted conditions to deteriorate. A more pro-active economic development strategy could help to cushion the impact of unforseen events and provide resources to expand services as the Town's population increases.
- ▶ A continuation of recent nonresidential development patterns in Bow, (in the range of 40,000 to 45,000 SF per year with average assessed values of \$33 to \$35 per SF) will have a negligible impact on the Town's future fiscal condition. Substantial increases to both the annual amount and average unit value of new development will be needed to generate a significant positive fiscal impact on the Town.
- ▶ The types of employers that are growing in the "new economy" increasingly demand facilities which provide office and flex space for R&D, testing, assembly or back office operations. Marketable locations must provide good transportation access, ample on site parking, high speed telecommunications, on-site amenities and services (such as child care) in order to effectively compete for these types of

users. There is no existing development in Bow which offers flexible sites, amenities, access and architectural protections in a controlled “park” setting. Opportunities to locate a large scale, high quality industrial, office/R&D or business park within the Study Area, are also limited.

- ▶ There is a large inventory of approximately 450 acres located on the western side of I-93, between Bow Bog Road and the highway corridor. The site could be ideally suited for development of a high quality industrial/ office/business park if adequate access was provided.
- ▶ The Town’s ability to attract a large-scale business park development (or larger users to individual parcels), will be constrained by the absence of water or sewer infrastructure. While extending infrastructure throughout the Study Area may be unrealistic, financially feasible alternatives to service portions of the area may be available. The largest inventory of remaining vacant land is located in the southern portion of the Study Area near the Hooksett Town line.
- ▶ Some existing businesses and property owners located along the above corridors are facing significant cost issues with respect to providing adequate fire suppression and/or waste disposal with on-site systems. Many of these businesses could receive substantial annual insurance costs savings if they were connected to a public water supply and/or sewage treatment system.
- ▶ The extension of water and wastewater infrastructure within the Study Area may take several years to accomplish. Action may be needed to preserve these potential long range fiscal benefits by making it more difficult to introduce incompatible uses within or near high priority sites.
- ▶ Bow has also purchased sewer capacity from the City of Concord and has extended a line along Logging Hill and Bow Center Roads to the High School. Opportunities exist to create a new nonresidential zone in the vicinity of this line, or increase the amount of private development allowed within the Civic Zone.
- ▶ Bow retains a substantial residential land inventory that is physically capable of supporting another 1,700 to 2,300 single family homes. New residential development has consistently averaged between 50 and 60 new dwelling units per year. As long as these growth patterns continue, it will be difficult to maintain fiscal stability through economic development activities alone. Ultimately, it would be valuable to incorporate a residential growth strategy as part of an overall fiscal management plan for the Town.

Statement of Objectives

Based upon the above findings, the following section outlines the broad strategic concepts that will be used to direct the proposed implementation strategy. These strategies address four areas, infrastructure, new development sites, enhancement of the existing built environment, and fiscal management.

Objective I:

Extend/Improve Water, Sewer and Road Infrastructure into Portions of the Study Area that Can Financially Support Operating Costs and/or Create New Economic Development Opportunities

Objective II:

Attract a Greater Variety of Employers and Higher Valued Development to Bow

Objective III:

Increase the Average Value of Existing Nonresidential Development and Partially Built-Out Portions of the Study Area

Objective IV:

Preserve Bow’s Long-Term Fiscal Stability through Tax Base Preservation, Expansion, Diversification and Growth Management

Recommended actions are shown on the map on page viii. A summary of actions recommended

over the first two program years appears in the table on page 12.

Fiscal Impact of Plan Alternatives

2000 to 2015 Impacts

The final component of the strategy development involved comparing reasonable forecasts for the major plan components against the baseline fiscal projections developed in Chapter II. To make this comparison, RKG Associates first constructed two representative scenarios to represent the likely outcomes of implementing all or portions of the strategy by 2015. The first scenario assumed that the strategy would be partially implemented by extending water and sewer services to most of the remaining undeveloped portions of the Study Area. The second scenario assumed full implementation, including the development and partial build-out of planned office/research/ business park to the west of I-93.

The resulting fiscal comparison of the two implementation scenarios are compared to the "worst case" and "best case" baseline forecasts presented in Chapter II. Detailed forecast tables are provided in the Appendix and summarized in Figure 12.

Comparison of 2015 Tax Burden Baseline vs. Alternative Strategies

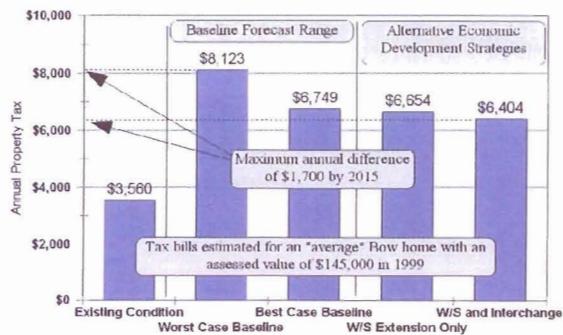


Figure 12

- If water and sewer service is extended into portions of the Study Area within the next five years, RKG Associates projects that the Town could capture roughly 880,000 SF of new nonresidential development by 2015, compared to the 400,000 to 640,000 SF

range projected under the baseline condition. In addition, the assessed valuation of existing land and buildings within the study area would marginally increase. The Town's total assessed valuation would grow by \$375 million over the 15-year period, compared to the range of \$168 to \$360 million projected under the baseline condition. Annual appropriations would increase marginally by 2015 compared to the baseline (\$38.6 million) in order to pay the Town's share of annual debt service on water/sewer infrastructure.

- Using the same assumptions that drive the "best case" baseline forecast, the resulting annual burden on a Bow homeowner in 2015 would rise to roughly \$6,650 if water and sewer service was extended into the Study Area. This projection presents a marginal net tax savings of less than \$100 to the owner of an average-priced Bow home by 2015, when compared to the best case assumptions. Due to the extended time requirement to fully implement water/sewer extensions, their impacts on new investment and average property values are fairly modest. The full tax benefits of the investments occur beyond 2015. Projected 15-year impacts could be larger if the implementation was accelerated.

| Year 1 & 2 Strategy Summary: Recommended Actions | | Lead Responsibility | Yr 1 | Yr 2 | Time Frame/Cost |
|--|---|------------------------------------|-----------|-----------|--|
| | | | | | Cost Estimate |
| 1. | Initiate preliminary discussions with Hooksett regarding providing water & sewer services to Bow. Review legal steps required to establish service districts, governance, enter into agreements with adjoining districts, set rates and secure financing. Obtain authorization to investigate the formation or expansion of Water & Sewer Districts in the Town. Assign responsibility for developing a research scope and securing engineering/technical support. | Bow BDC, Selectmen, Town Mgr & DPW | X | | \$5,000-\$10,000 |
| 2. | Begin Facilities Planning | Bow BDC or Appointed Committee | X (Start) | X | \$75,000-\$100,000 |
| 3. | Continue to upgrade River, Johnson, and Dunklee Roads in the Town's Capital Improvements Plan | DPW Budget/CIP Committees | X | X | Appropriations to Capital Reserve fund as needed |
| 4. | Formally contact NHDOT to discuss options for providing transportation access to the proposed development area. Define the scope of analysis that would be required by NHDOT to render a decision and solicit proposals to undertake a preliminary engineering study. | Bow BDC, Selectmen, Town Mgr & DPW | | | \$150,000 to \$175,000 for preliminary engineering |
| 5. | Support planned improvements to Rt 3A | Bow BDC | X | X | None Anticipated |
| 6. | Consider acquiring the 69 acre "Ball Field" site owned by PSNH S Request 3/00 Town Meeting authorization to bid on the parcel if deemed to be in the Town's interest; S Obtain a concurrent appropriation that is sufficient to conduct due diligence and submit a competitive bid S Delegate responsibility to the Bow BDC to monitor the acquisition process and level of interest among potential third party bidders S Bid on the property if it becomes available and it is determined to be in the best interest of the community | Bow BDC, Selectmen, Town Mgr | X | | Up to \$2.0 million has been set aside in the CIP for site acquisition, to be bonded over 20 years. Due diligence & transaction costs are included in the acquisition price. |
| 6. | Update the Town's Comprehensive Plan | Planning Board | X (Start) | X | \$40,00 to \$75,000 |
| 7. | Consider rezoning back parcels located between Old Albin Road & I-89 to create a 65 to 85 acre development site with I-89 visibility and potential to connect to water & sewer. | Bow BDC, Planning Board | | X (Start) | Include as part of Master Plan Update |
| 8. | Consider adoption of revised Zoning, Subdivision and Site Plan Review Regulations for nonresidential zones. | Planning Board with BDC input | | X (Start) | Include as part of Master Plan Update |
| 9. | Continue to closely monitor the divestiture of PSNH's generating facilities in Bow. Consider acquisition of the Garvins Falls Hydroelectric Plant if determined to be in the financial best interest of the Town. | Selectmen, Town Mgr | X | | Unknown |
| TOTALS: | | | | | \$270,000 to \$360,000 Plus Potential Site Acquisition Costs |

- Under Scenario 4, water and sewer extensions are accompanied by the construction of a new highway interchange and the rezoning of 200 to 400 acres to the west of I-93. If a high quality industrial, office/R&D or business park were developed in this new zone within 10 to 12 years, RKG Associates projects that the Town could capture roughly 960,000 SF of new nonresidential development by 2015, compared to the 400,000 to 640,000 SF range projected under the baseline condition. In addition, the assessed valuation of existing land and buildings within the study area would increase more significantly due to the higher assessed values associated within this new development. The Town's total assessed valuation would grow by nearly \$415 million over the 15-year period, compared to the range of \$168 to \$360 million projected under the baseline condition. Annual appropriations would increase marginally by 2015 in order to pay the Town's share of annual debt service on water/sewer and highway infrastructure.
- Under this scenario, the resulting annual burden on a Bow homeowner in 2015 would rise to roughly \$6,400. This projection presents a larger net tax savings of nearly \$350 to the owner of an average-priced Bow home by 2015, when compared to the best case assumptions. The creation of a new, high quality industrial, office/R&D or business park will begin to have a positive impact on residential property tax payers within the next 15 years. Once again, the full tax benefits of the investments occur beyond 2015. Larger near-term fiscal benefits could also be increased if implementation of the proposed highway interchange could be accelerated.

Fiscal Impacts at Full Build Out

Because the full fiscal impacts of the strategies do not occur within the time period measured above, RKG Associates compared the potential order-of-magnitude tax base implications of the two strategy alternatives to the baseline condition, under the assumption that all of the available nonresidential land resources in Bow could be fully built out. This

long-range analysis only estimated the total additional remaining building square footage and net gain in nonresidential assessed valuation that could be accommodated. It did not attempt to forecast tax rates beyond 2015.

As shown in Figures 13 and 14, approximately 4.5 million SF and \$155 million in additional commercial/industrial valuation (in 1999\$) could be added to the Study Area beyond 2015, in the baseline forecast. This additional value would take decades to capture and represent only 60% of the current value of PSNH's holdings in Bow.

Estimated Remaining Build-Out Potential After 2015: (Building SF)

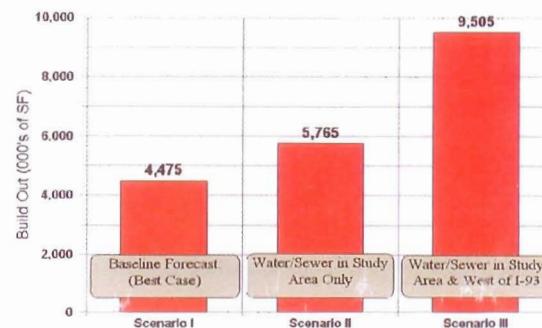


Figure 13

If water and sewer services were extended within the Study Area, both the average density of development and the average assessed value per square foot of new construction could be expected to increase. Using conservative estimates, nearly 5.8 million SF and \$240 million in potential new assessed valuation could be added to the Study Area beyond 2015 if it were partially serviced by water and sewer. This represents a marginal gain of roughly \$85 million in valuation over the baseline. Given a total required investment of only \$8.0 to \$9.0 million to implement this strategy, which will be financed almost entirely by future users of the these systems, the Town's investment in water and sewer appears to be a very positive long term benefit to residential taxpayers.

Estimated Remaining Build-Out Potential After 2015: (Valuation)

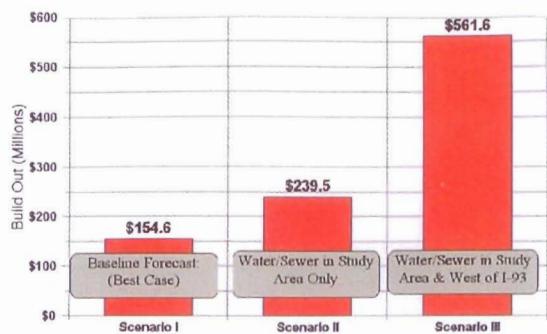


Figure 14

If the full implementation strategy is pursued and additional land is opened for nonresidential development along the west side of the west side of I-93, the estimated remaining build out potential rises sharply to more than 9.5 million SF and \$562 million in remaining new assessed valuation

This increase is attributed to the significantly larger, two and three story office/R&D buildings that locate in business park settings with direct interstate access. The potential future gain in assessed valuation associated with this alternative is roughly double the current value of PSNH's generating facilities in Bow. It also represents the only available alternative with the potential to replace a possible "catastrophic" devaluation that might follow a complete shutdown of the Bow generating plant. For this reason, it is recommended that the Town continue to evaluate this alternative and press NH DOT to render a decision regarding the potential construction of a locally or privately financed interchange near Johnson Road.

Dear Bow Resident:

The Bow Business Development Commission is pleased to provide this executive summary of the Bow Economic Development Strategy. This strategy was prepared for the Town under the direction of the Business Development Commission, between June and December of 1999. This summary contains important information regarding the Town's economy, tax base, fiscal condition and growth prospects for the future. It outlines a prudent investment strategy which we believe is essential to maintaining the Town's fiscal stability and the quality of our municipal and educational services over the long term. We encourage you carefully review this summary and express your views as the Town moves forward to implement the strategy.

Should you have any comments or questions regarding this material, or wish to obtain a copy of the full report, please contact Bill Klubben, Director of Planning and Development at 225-3008 or by e-mail at bow_planning@conknet.com.

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