



Falmouth Economic Improvement Committee

Meeting Minutes
Wednesday, March 15, 2017

Attendance

Name	Present	Name	Present	Name	Present
William Lunt III, <i>chair</i>	-	Dimitri Balatsos	-	Pam DiPietro-Hale	✓
Ethan Gamage	✓	Sandra Lipsey	-	Mindy Schwartz	✓
Chris Wasileski	✓	Karen Farber, <i>council liaison</i>	✓	Charlie McBrady, <i>council liaison</i>	-
Nathan Poore, <i>staff</i>	✓	Theo Holtwijk, <i>staff</i>	✓	Andrew Clark, <i>staff</i>	✓

Theo started the meeting at 5:30 PM with a round of introductions to welcome the new members of the committee. Nathan served as acting chair.

1. Review of draft minutes from the January 3, 2017 meeting

The draft minutes from the January 3, 2017 meeting were approved as written.

2. Review of proposed Capital Improvement and Tax Increment Financing Plans for 2017-2018

Theo and Nathan hoped the meeting would get all committee members on the same page by reviewing the highlights of the Town's Tax Increment Financing and Capital Improvement Plans.

Nathan led the group through a distributed packet explaining the basics of tax increment financing. When a TIF district is established, a "snapshot" of current tax revenues within the district is taken. Any additional tax growth is the incremental value, which can be sheltered under State TIF law. He pointed out the Route 1 South TIF district that its initial value of \$20 million has grown to \$100 million. \$80 million is the "incremental value."

There are various State policies which permit the Town to shelter or hide its true value. There are local benefits to do so due to various fiscal formulas that affect the Town's income and expenses when valuation changes. For example, an increase in \$10 million in property valuation results in a

- \$83,000 loss in state aid for education;
- \$2,800 loss in municipal revenue sharing; and,
- \$6,400 increase in County tax due.

These costs total \$92,000. Thus, while Falmouth would enjoy a \$151,000 increase in revenues from the increased valuation, after accounting for the negative fiscal impacts above, the Town realizes only a net of \$58,500. Without TIF, the Town realizes 39 cents on the dollar. With TIF, the Town can utilize the full dollar, so long as it is spent in accordance with State TIF law. Generally, this refers to projects in or

related to the TIF districts. The Town has shaped the TIF programs to the extent possible to projects that the Town was going to undertake regardless.

Mindy asked how long a TIF lasts. Nathan replied that it can last as long as is desired, up to 30 years. Karen pointed out that there is a limit on how much land area a Town can place in a TIF district. No more than a total of 5 percent of a municipality's land area can be placed into TIF districts. Theo mentioned there is also a limit on total valuation that can be placed in TIF districts. Several committee members wondered about, or commented on, what happens when the income runs out after a TIF expires. Nathan replied that good planning is key to managing that transition.

Nathan led the committee through the TIF Spending Summary. This packet detailed what specific projects are proposed to be funded by each TIF district. He pointed out that staff salaries are partially funded through TIF. This is appropriate when considering how much staff time is taken up by projects in or related to the districts. He also pointed out a few credit enhancement agreements with developers in TIF districts. Such agreements would not typically be entered into by the Town, but special circumstances surrounding each made the agreements good deals for the Town.

Nathan turned the committee's attention to the Capital Improvement Program Summary. This packet details appropriations and expenses regarding the Town's capital savings and purchases. The first page shows yearly appropriations to various funds. These are rainy-day funds that help to smooth out the peaks and valleys of year-to-year budgeting. Such an approach helps keep the tax rate fairly constant, which boosts public perception of, and confidence in, Town spending.

Pamela asked whether these funds were invested, and if so in what type of investment vehicles. Nathan replied that they are indeed invested, but very conservatively, with principal preservation being the highest priority. Karen confirmed this was a priority of the Council.

Nathan continued to the second page of the packet - actual planned expenditures. He pointed out that there is considerable variation from year to year, the effect of which is mitigated by earlier allocation of funds. Other pages detail categories with considerable (over \$50,000) year-to-year changes. The final chart shows an uptick in the balance of capital projects accounts from 2022 on. Nathan says this is likely due to future needs, that are yet unidentified. Nathan finished by commending the Council and the work of the Town. He felt that Falmouth is well-positioned thanks to "textbook" capital planning.

3. Other Business

Theo mentioned an upcoming meeting of the Route 1 North committee. Karen wondered, should the timing make sense, if the work of that committee could be sent to the FEIC for comment. Theo will do that. FEIC members can also attend an upcoming public forum on this effort. Theo will keep the committee posted of that date.

Theo also mentioned an opportunity for committee members to attend the upcoming Business Energy Fair, to be held on April 12 at the Lunt Auditorium.

4. Next meeting

The committee agreed to meet again on April 19 at 5:30 PM. Staff will review utility plans that had been prepared for the Town.

The committee adjourned the meeting at 7:00 PM.

Draft minutes prepared by Andrew Clark on March 16, 2017.