

Proposed OceanView-Natural Gas Tax Increment Financing District

Town Council
March 9, 2015

Presentation

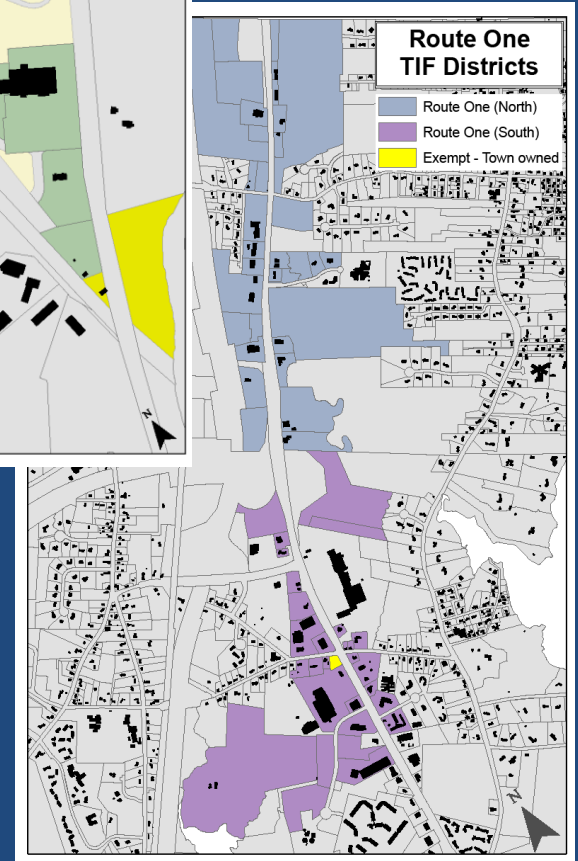
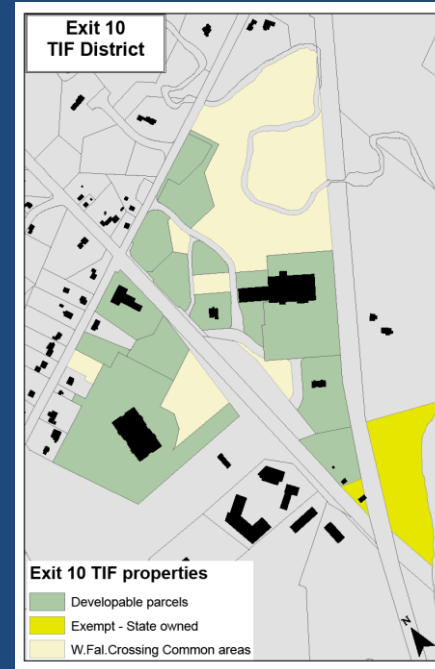
1. What is Tax Increment Financing (TIF)?
2. What area will be included?
3. What is the fiscal benefit for Falmouth?
4. How are the TIF funds proposed to be expended?
5. What is the impact on the mil rate?
6. Who approves this TIF?

1. What is Tax Increment Financing ?

- TIF is a “flexible finance tool used by municipalities to leverage new property taxes generated by a specific project or projects within a defined geographic district.”
- Any portion of the new taxes may be used to finance public or private projects for a defined period of time up to 30 years.
- TIF is a program designed to “assist municipalities in encouraging industrial, commercial, transit-oriented, or arts district development, increasing or retaining employment opportunities, and broadening tax bases.”

Three Existing TIF districts

- West Falmouth Crossing
 - 25 years (expires 2024)
 - \$744,646 (2015 taxes)
- Route 1 North
 - 23 years (expires 2023)
 - \$363,543 (2015 taxes)
- Route 1 South
 - 30 years (expires 2030)
 - \$919,673 (2015)



Negative Fiscal Impact if no TIF

- New valuation, if not sheltered, has negative fiscal impact:
 - Loss in state aid to education,
 - Loss in state municipal revenue sharing,
 - Increase in the Cumberland County Tax Assessment
- Analysis shows that out of every \$3 of new taxes, \$2 are lost to the fiscal impact
 - By example, without the 3 existing TIF Districts, Falmouth could have only kept \$689,473 for general fund expenses of \$2,207,862 of taxes in FY 2015 – a potential loss of \$1,338,389.

Eligible Expenses

- State permits the sheltering of new values from this negative fiscal impact by having Town place new taxes in a separate fund.
- TIF funds can only be spent for designated improvements:
 1. Improvements made within district
 2. Improvements made outside district, but are directly related to or are made necessary by the establishment or operation of the district
 3. Costs related to economic development, environmental improvements, fisheries and wildlife or marine resources projects, recreational trails, or employment training within the municipality

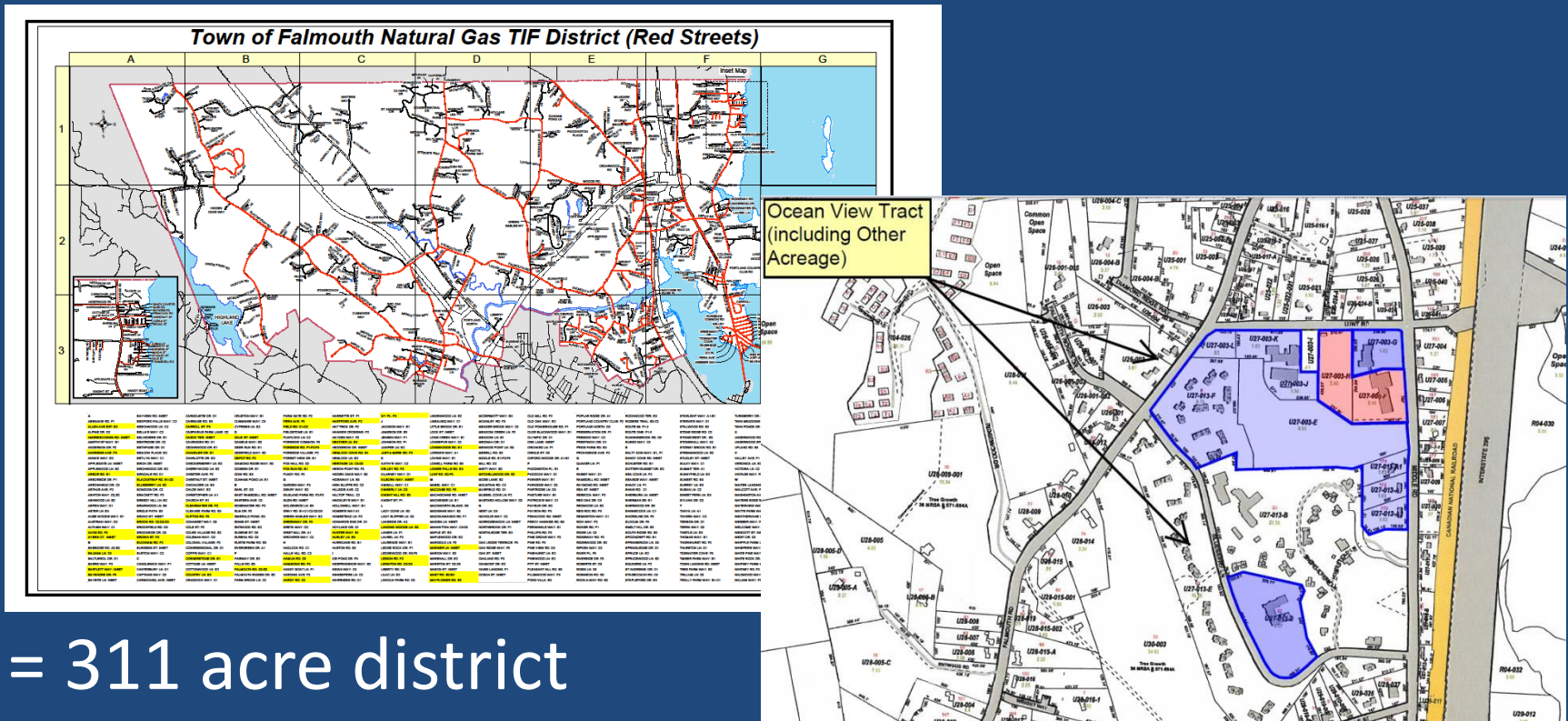
TIF Options

1. Retain all new taxes in TIF and spend on eligible projects, or
2. Retain 1/3 of all new taxes and spend where Council decides, or
3. Do a mix of both

Proposed new TIF District

Note: revised data

- 62 miles of public streets with gas lines
- 30 acres of OceanView development



= 311 acre district

Proposed Caps

Total Town area: 19,119 acres

- Economic area threshold: 25.41%

 - *Must be more than 25%*

- Individual TIF area cap: 1.63%

 - *Must be less than 2%*

- Overall TIF area cap: 3.89%

 - *Must be less than 5%*

Total TIF base values: \$53,058,900

- Overall value cap: 2.28%

 - *Must be less than 5%*

What is the Fiscal Benefit?

Estimated new assessed values in the district:

- OceanView: \$41M
- Natural Gas: \$9M

Estimated captured taxes at 100% over 30 years (2045):
\$20,527,110

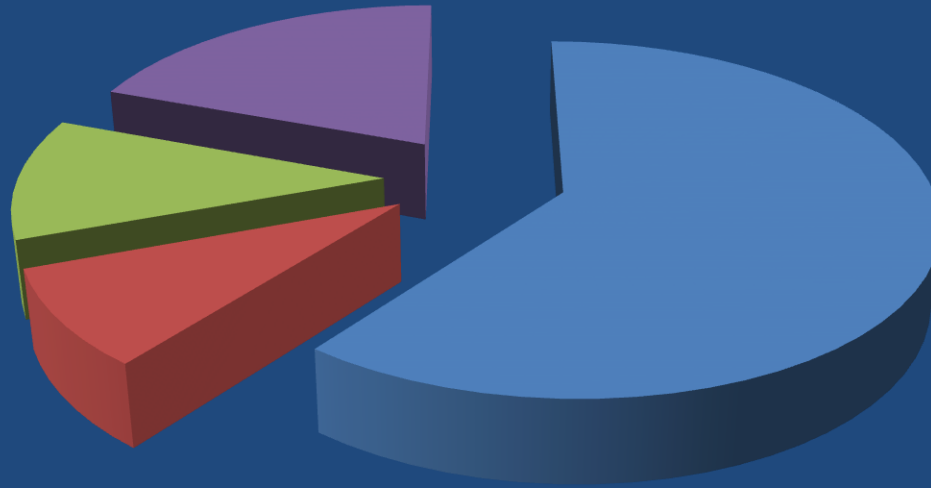
- If no TIF:
 - Estimated net fiscal benefit: \$ 6,965,225
 - Loss \$13,561,885



TIF Proposal

- Captured values:
 - 2015: 0%
 - Year 1-30 (2016-2045): 100%
- Revenues: \$20.5M
- Expenses: \$20.5M
- 13 Projects: \$16.7M
- \$3.8M available for other eligible projects

How are TIF funds proposed to be expended?



Annual street project allocation: \$13,100,000 (63.8%)

List of specific street and capital projects: \$1,614,800 (7.9%)

Staff used for TIF admin and overall economic development:
\$2,298,450 (11.2%)

Surplus/Other projects: \$3,813,860 (18.6%)

13 Projects

	Project Name	Proposed Work*	Year (estimated)	Total Cost (30 years)
1	Lunt Road Improvements	On-street parking improvements, street/sidewalk lighting, stormwater drainage improvements from Falmouth Road to Middle Road	2016	\$100,000
2	Blueberry Lane Improvements	Road and sidewalk resurfacing and other streetscape amenities, upgrade street lighting, from Falmouth Road to Middle Road	2017	\$85,000
3	Middle Road Sidewalk 1	New sidewalk from Lunt Road to Blueberry lane	2018	\$200,000
4	Falmouth Corners Intersection Improvements	Intersection capacity rebuild, including new turn lanes, bicycle lanes, sidewalk, traffic signals, and mast arms at Falmouth/Middle/Bucknam road intersection ("Falmouth Corners")	2019	\$305,000
5	Depot Road Repaving	Pavement Resurfacing from Lunt Road to Route One	2020	\$19,800
6	Middle Road Sidewalk 2	New sidewalk from Lunt Road to Falmouth Corners	2021	\$132,000
7	Merrill Road Sidewalk	New Sidewalk from Falmouth Road to Middle Road	2022	\$132,000
8	Allen Avenue Extension Repaving	Pavement Resurfacing from Falmouth Road to Portland city line	2024	\$159,500
9	Other Road Improvements	Pavement Resurfacing from Middle Road to Allen Avenue Extension	2027	\$181,500
10	Town-wide Road Improvements	Annual road improvements, incl. repaving and maintenance, on public streets located inside the District per Town of Falmouth Street Schedule	average annual amount, 2015-2044	\$13,100,000
11	TIF District Preparation	Staff, assessor, and consultant time to develop TIF district materials	2015	\$45,000
12	TIF District Ongoing Administration	Staff, assessor, and consultant time to conduct annual update of TIF district data	annual amount, 2016-2044	\$150,000
13	Economic Development Programs	Costs, including municipal staff salaries, related to Town economic development activities aimed at business retention and attraction	annual amount, 2016-2044	\$2,103,450
			Subtotal 1-13	\$16,713,250

Available for Other Eligible Projects

14	Gigabit Broadband Expansion	Community-wide upgrade of broad band network. Costs funded with TIF revenues will be limited to a reasonable allocation of costs to business use of the network based upon various factors, including data usage		\$500,000
15	Stormwater Quality	Public-private stormwater improvements aimed at preventing impaired streams near commercial areas		\$1,000,000
16	Energy Efficiency Coordination	Activities related to an energy-conservation program to be established to assist Falmouth businesses implement energy-conservation measures (incl. pro-rated staff salary)	annual amount, 2016-2044	\$900,000
17	Economic Development Projects	Economic Development Projects including business marketing/promotion, market studies aimed at commercial vacancy reduction	total over 30 years, average \$16,667/year	\$500,000
18	Revolving Loan Fund	Revolving Loan program to provide gap financing for business start-ups and business expansions.		\$250,000
19	Public Safety Improvements**	Pro-rated Fire/EMS staff time and equipment		\$500,000
20	Pan Am Rail Tunnel	Pedestrian tunnel under rail line connecting recreational trail from Community Park to Falmouth School Campus		\$753,500
21	Overall Bike-Ped Improvements	Bicycle-pedestrian improvements on select public roads inside and outside the TIF district		\$2,400,000
22	Lunt Road-I-295 Pedestrian Improvements	Bicycle-Pedestrian connection across I-295 that is inside and outside the TIF district and is linked to current end of Portland Trails system from Middle Road to Depot Road		\$495,000
23	Transit Infrastructure	Bus shelters at locations TBD on public bus routes in the Town of Falmouth included as part of the Portland METRO bus transit system		\$100,000
			Subtotal 14-28	\$7,398,500

Who approves this TIF?

- March 9: Council Public Hearing and Approval of Order
- March 10: Submission to Maine Department of Economic and Community Development (DECD)
- Review and Approval required by DECD Commissioner of